There is a crisis of confidence in government in the United States. It is deep and profound and has
developed into a collective American consensus. The common view is that government creates rather
than solves public problems. That government programs and policies detract from quality of life rather
than adding to it.

At one level, these views are evidence of a decline in a sense of community and in the ability of society
to act as a collective enterprise. The more conservative views of this phenomenon attribute this decline
to the actions of government, especially government as defined by the liberal consensus that emerged
after the Great Depression of the 1930's.

The new consensus is that government is not capable of producing the public policies we might like to
see implemented. In this view, the signs of failure are everywhere--crime, drug abuse, homelessness,
high taxes, declining urban public schools, and corruption in high elected office. In contrast, we see the
dramatic success stories of the private sector:

Federal Express with its almost flawless computer assisted delivery service.

Pizzas delivered in less than 30 minutes.

The increased emphasis on customer service from nearly every consumer business, with twenty four
hour access and over-night home delivery, from mattresses to home entertainment systems. Consider the
difference between interacting with government's long lines at the motor vehicle bureau, with the quick-
service drive-in window of the local fast food restaurant.

Government is seen as wasteful and corrupt. Business is seen as lean and efficient. The Reconnaissance
Office of the CIA builds a $347 million headquarters office without telling Congress. The famous $600
hammer. Daily news stories about one example or another of government waste or fraud. Each of these
stories in the media contributes to an overall image of government incompetence. I won't comment on
the fairness of these images, except to say that they are wrong. Perhaps I should briefly mention the speed with which the freeways in Los Angeles were rebuilt after the 1993 earthquake and the heroic effort made by emergency workers in New York City after the World Trade Center was bombed, as evidence that the common stereotype is far from accurate.

In contrast to government incompetence, a new image has emerged, or we should say, an old image has reemerged— the wonders of the competitive market. The collapse of communist states throughout Europe and the surge of privatization in its wake has led to a new cult of the free market. While most acknowledge that privatizing communist economies have carried painful human costs, the goal of developing a western-style consumer economy is seen to be worth the price. The image of the American culture of consumption, built on western-style free market enterprises is seen as a model that works, in contrast to the failure of state-run enterprises.

The result of this has been to discredit the usefulness and even feasibility of efforts to coordinate, regulate and plan the private economy. In cities, the planning that we have maintained is now hidden in the site-specific designs of public-private partnerships, or is buried deep within the recesses of environmental impact statements. While efforts to regulate business practices continue, it is done in an environment that favors deregulation.

Finally, we have seen a decline of the ethos of public service. President Clinton has worked hard to reignite the fervor for public service that he experienced as a youth during John Kennedy's presidency. There are countless examples of community spirit. Certainly non-profit community groups are well regarded by the average person. However, government has lost its image as a place where people go to do good and serve their fellow citizens. Government workers have suffered a significant decline in status over the past twenty years. It has gotten more difficult to convince public minded students that they can effect change and improve people's lives by working in government.

The sum of these trends has been to cause a crisis in public management. To a considerable extent the crisis is based on perceptions of government performance that are erroneous, or at least only partially accurate.

Why does government have so much difficulty managing its programs? Let's examine the premise. Is government any worse than non-profits and private organizations in managing its own operations? What measures do we use? How do we compare the efficiency of these forms of organization? I believe that the comparison is wrongheaded. Let me submit an alternative premise: that different types of functions are best performed with different forms of organizational governance. Some functions are best run by government, some by private organizations organized as non-profits and some by private profit-seeking organizations. However, while I reject the overall premise that government is worse at managing its operations than other sectors, government certainly faces some challenges that private organizations do not confront. For one thing government gets the tough kind of work that the private sector avoids, knowing that there's no money to be made. Government gets the AIDS crisis and homelessness to solve, while the private sector gets to solve ring around the collar.
The popular perception that government is incompetent is relatively recent. In fact our constitution worked hard to limit government's power and indirectly its capacity. We only need to go back about 60 years for a very different popular perception of government. After the Stock Market crash of 1929 and during the depression of the 1930's private industry could do no right, in contrast, by the end of World War II, there was nothing that our government-- the expression of the American collective community, could not achieve. Government was capable of the mass mobilization that defeated totalitarianism during World War II. It could accomplish anything. Obviously neither of these images is accurate. There is nothing evil about organizing human enterprises to make a profit, and there is nothing inherently inefficient about government organizations.

Government faces unique challenges. Trying to solve the toughest problems while under intense scrutiny is only the tip of the iceberg. More profound are government's well intentioned, but ultimately misguided efforts at self-regulation. The incredible array of rules governing hiring, incentives, promotion, firing, procurement and work itself makes it difficult to create flexible, agile public organizations.

Finally, government has problems delivering programs because of the large size of public organizations, and the dysfunctional Rube Goldberg contraptions created by imaginative managers to get around the system's constraints. One reason that government organizations tend to be large is that government cannot be selective about its market niches. Unlike Federal Express, it is difficult for government to pick the areas it wishes to serve. Similarly since government fraud robs the taxpayer's money, we generally build regulatory safeguards that can cost more money to implement than they save.

However, these patterns of large scale bureaucracy and over-regulation are not inevitable and can be avoided. Moreover, they must be overcome. Government is frequently characterized by large-scale, overly formal, overly hierarchical organizations. During the last twenty years we have witnessed a downsizing trend throughout the private sector. This trend is accelerating. Huge vertically integrated companies like IBM are attempting to break themselves up into smaller, more agile units. Much of the economic growth in the U.S. now takes place in small and mid-size companies. Large companies like General Motors are setting up new, smaller companies to develop innovative products such as the popular Saturn automobile. Companies throughout the United States are radically reducing their internal administrative overhead and analytic staff. Corporate headquarters have been reduced in size from thousands to hundreds and from hundreds to dozens of staff.

Why is this happening? It is the result of fierce, global competitive pressure. How are these companies able to accomplish these staff reductions, decentralizations, and organizational reconfiguration? In part, these changes have been made on the backs of our white collar workers. Several recent studies have documented the reduction in leisure time in the U.S. over the past decade. However, to answer this question fully we believe we have to look at how technology has influenced organizational life during this century.

If we look historically at companies like Ford Motor Company, perhaps the extreme version of the
strategy of vertical integration in production, we see a company that controlled every aspect of making a car. They owned iron and coal mines to make steel, they owned steel mills, parts manufacturing plants, auto assembly plants, and nearly everything it took to make, ship and sell a car. Central control was needed to assure adequate quality and quantity of the supplies that went into making a car. The strategy also assumed that profits would be maximized if they were all paid to the same company, rather than to a variety of suppliers.

The theory worked for a while, but only when the vertically integrated company had a head start on the competition and a form of monopoly. However, once a free market in steel was established, a car company might find it cheaper to buy steel from a steel company than to make it themselves. The steel company had the advantage of seeing steel as its area of distinctive competence. They focused their organizational effort and brain power on making better, cheaper steel. The same could not be said about the car company's steel division. In addition, since the in-house steel company had a single guaranteed customer, there was insufficient downward pressure on price, and therefore less incentive for efficiency. After a while the price of expensive steel and of an overhead staff to coordinate steel and auto manufacturing is added to the price of the car. If there is no competition, this doesn't matter. However, frequently there is competition and it does matter.

One reason competition and organizational specialization has increased is that improved telecommunication and transportation technology can allow a company to focus on its own area of distinctive competence, knowing that it can quickly elicit competitive bids for components (through computer, telephone and fax technologies). And it can quickly receive the components through trucks traveling on interstate highways, by rail or by air. The use of containers in shipping allows for supplies to be efficiently shipped from ships to trains and from trains to trucks. If necessary, supplies can be delivered overnight by using companies like Federal Express. Why own all of these suppliers, if they can be accessed so easily? Moreover organizations that do not invest in an extensive in-house supplier infrastructure can rapidly take advantage of new technologies and lower prices offered by competitive suppliers.

This overly simplistic description gives you an idea of what has happened to organizational management in the private sector. What about the public sector? How can those of us concerned with public sector management ensure that government benefits from the advantages of small-scale organizations, and modern communication and transportation technology?

The public sector needs fresh thinking and innovation, and we need an innovative public sector because public management matters.

Public management matters because public policy matters. Only government has the legitimacy and ability to address the problems facing our society-- General Motors is not going to feed poor people and K-Mart is not going to arrest criminals. Public management matters because public policy is not enough. It is not enough to aspire to do the right thing and it is not enough to design a cost effective solution in theory. Policy wonkism doesn't cut it. We need to create the organizational capacity to deliver on our
promises. The existing framework does not work: large-scale bureaucracy with its centralized rules and over-regulation of government managers has failed. It is expensive, it is wasteful, and it prevents us from solving our most pressing problems. All over the United States, public management has become a political issue and that makes this a critical moment. It is a time when we have the opportunity to truly reinvent government-- to do a better job of serving the public.

Reactions to the Crisis

The first reactions to the crisis of public management came from those who initially defined and articulated the crisis, the conservative political movement in the United States. The tax limiting initiatives in California and the Reagan "revolution" in Washington D.C. were concrete reactions to the crisis of public management. The argument went something like this: If government can't deliver the goods, let's reduce the public sector and increase the private economy by reducing government's revenues. Further, if government is the problem and not the solution then we should certainly reduce the size of government, especially its domestic and social welfare programs.

Paradoxically, tax cuts at the federal level, increased defense spending, and cut-resistant government entitlement programs had the effect of increasing the size of the federal deficit. As the federal share of state and local budgets was reduced in the 1980's, state and local taxes were increased in many places to make up for the revenue shortfall.

After a decade of attack, the second wave of reaction to the crisis in public management was an effort to revitalize the civil service. Two high profile National Commissions were established to set an agenda for reforming public personnel practices. The first, at the federal level was a commission chaired by Paul Volker, the former head of the Federal Reserve. The second focused on state and local public service and was chaired by former Mississippi Governor William F. Winter.

Reinventing Government. It soon became apparent that the effort to revitalize the civil service was addressing only one element of a series of problems with government management. The bestselling private management book In Search of Excellence began to describe a quiet revolution in management technique that was beginning in a number of successful firms. Reduced hierarchies, a focus on quality, customers and team work, and creative entrepreneurship were lauded in Peters and Waterman's landmark book. Public management scholars, journalists and practitioners began to discuss the need to apply these ideas to public management. These ideas were synthesized and popularized by David Osborne and Ted Gaebler's Reinventing Government. The core reinvention concept was to rethink how government delivered, managed and paid for public programs. Reinvention was an effort to "save" the public sector and the idea of promoting collective welfare, by admitting that government sometimes did a poor job but proposing a series of creative methods it could use to improve its performance.

Osborne's emphasis on entrepreneurship was attacked by public administration scholars for its avoidance of issues of constitutional law and representational democracy. Three attacks were typical: (1.) What gives this unelected bureaucrat the right to take risks with the public's money? (2.) What is the role of
elected officials in authorizing these creative programs? (3.) How can these programs be held accountable and overseen by elected officials? Despite the reservations of public administration scholars, public administration practitioners jumped on the reinvention bandwagon with great enthusiasm. Bill Clinton and Al Gore campaigned on reinvention in 1992. Mayors such as Stephen Goldsmith from Indianapolis, Ed Rendell from Philadelphia and Rudolph Guilianni from New York became proponents of reinvention. Mayor Dinkins used his Office of Operations to track a series of management initiatives attempting to generate a renaissance in NYC's government. The most important reinvention initiative took place at the federal level when President Clinton gave Vice President Gore the assignment of applying reinvention concepts to the federal government. The Administration asked David Osborne to help lead the effort which became known as the National Performance Review (NPR).

The National Performance Review. While clearly based on Osborne's reinvention philosophy, the Vice President's National Performance Review also was rooted in previous reform efforts such as the Brownlow, Hoover and Grace Commissions. The effort was unique in its recruitment of borrowed federal bureaucrats to staff the effort, instead of the outside consultants frequently used or the idiots from the Heritage Foundation that staffed the Grace Commission's ridiculous studies during the Reagan years.

Initially conceived to focus on improved performance, the Gore Commission leaders quickly succumbed to the political magic of cost cutting and led the final report with a commitment to cut costs by $108 billion over five years and reduce the federal workforce by more than 252,000 positions. Whether or not that happens, or whether or not it makes sense, the importance of the Report of the National Performance Review is in the reinvention philosophy that it expresses. Specifically, its four basic principles-- cut red tape; put customers first; empower employees to get results; and getting back to basics, is what is important. As important, the report does not leave the issues at a philosophic level-- there are action recommendations.

Toward Addressing the Crisis

At the heart of reinvention is the need to radically revise the rules that govern government operations. Rules on budgeting, personnel and procurement must be made more flexible if government is to achieve the agility and creativity needed to produce effective programs. We also need to develop and communicate a more realistic understanding of what public programs can achieve, and a more accurate description of what they have achieved.

The issue of accountability to elected leaders and control by the institutions of representative democracy will not go away. If we are to reduce the rules governing hiring, we must develop a method for ensuring that patronage does not re-emerge. If we are to reduce contracting oversight and regulation, we must develop a method for ensuring that public procurement is competitive and as free of fraud as humanly possible.

Public Service
This brings me back to the overall issue of public service. Serving in the public sector is difficult and frustrating. This gives rise to an obvious question: Why bother? Public sector careers pay you less, can be affected by political factors outside of your control, and require you to interact with a host of semicomatose organizations to get your job done.

What are The Benefits of Public Sector Careers?

Despite the problems just noted, excellent people are still attracted to the public sector. They come in large measure because they believe the mission of public organizations is important. They want to deal with the vital problems of the day and help craft solutions to those problems. Some people are attracted the possibility of receiving greater responsibility sooner than they would in the private sector. The salary caps in public organizations are a two-edged sword. On the one hand, salary limits force talented senior staff members to leave government if they wish to earn a high salary. On the other hand, this means that senior management positions are frequently vacated and potentially opened to talented younger people. Of course, the counterargument here is that the exodus of talented senior managers to the private sector causes a brain drain that leaves mediocre, security-minded people in charge of large public organizations. Undoubtedly, both of these phenomena take place. I'm only arguing that salary caps create some opportunities in public organizations that do not exist in the private sector. Where this potential exists, excellent young people are attracted by the challenge and the possibility of personal power that the public sector offers.

Unquestionably, a public sector career can cause you to be branded a bumbling bureaucrat. However, it can also place you within an exciting community of colleagues interested in using the government to promote society's welfare.

I have discussed "sense of mission" in the abstract; let me get a bit more personal and specific. The most exciting work I was ever involved in was helping to create the federal hazardous waste cleanup (or Superfund) program. When I was a graduate student in Buffalo, New York, some very strange things had begun to happen in a working class subdivision in Niagara Falls. It started with a spring thaw that pushed toxic chemicals out of their resting place in an abandoned canal and turned it into a toxic waste dump. Local and state governments and, finally the federal government became involved in an effort to understand and clean up the environmental and public-health threat at a place called Love Canal. It soon became clear that there were thousands of Love Canals all over the country. A crash program was needed to study and clean up the worst of these toxic dump sites. To me, Superfund was not simply a big federal program to move around some chemical barrels and prevent the spread of toxic contamination; it was an attempt to answer the pleas of worried parents at Love Canal. It was an effort to respond to the young mother I heard at a public hearing screaming in frustration at a state health official: "Why did you poison my baby?" To me the challenge of building a program to deal with toxic chemicals is simply more motivating than moving capital from one place to another or developing a new way to sell toothpaste. The chief benefit of public sector careers is the importance and scope of government's tasks.

But let's Understanding the Myth of Public Sector Failure. First, let me state unequivocally, that the
American public sector is as competent as its private sector. In the middle of the twentieth century, American industry created a consumer society that was the envy of the world. As competition with foreign industry increased, we engaged in a revolution in private management to improve our ability to compete. As the twentieth century draws to a close, our economy must face a great many problems, but the economic accomplishments of the past sixty years are difficult to deny. In a similar vein, although government faces a number of problems, ranging from environmental protection to housing the homeless, the accomplishments of the past century cannot be denied. The late Speaker of the House of Representatives Thomas P. "Tip" O'Neill said it best when reviewing his fifty years in government:

I often hear successful people talking about the "good old days." Their message is always the same: how wonderful life used to be when we had less government and fewer social programs and people were left to fend for themselves.

But I came of age in those good old days, and I remember clearly what they were like. When I first entered politics, 50 percent of the population were living in poverty. A full 25 percent were out of work. Even if you were fortunate enough to have a job, life was still pretty tough....For most people, the work week was six days long - and those were six long days....For most Americans, health insurance was out of the question. If you became sick, your world collapsed. For the elderly, life was filled with uncertainty and fear. Only a lucky few had pensions, and social security was a brand new idea....

That was the America I knew in 1936. And despite all the problems we now face, I can never forget how far we have come in fifty years. Today, everyone goes to high school, and close to two-thirds of our young people pursue some form of higher education. And although poverty has certainly not been eliminated, we were able to get the poverty rate down to 10 percent in 1980. Today, virtually all workers have some form of health insurance. Social Security has made it possible for people to retire with a small but steady income. Without this protection, half of the elderly would be living in poverty....

[Government has created] many other things, too, including housing and job programs, a thriving system of state colleges and universities, and a farm program that has helped make us the greatest agricultural nation in the world [1987, pp. 376-377].

Despite the great successes that O'Neill described, government is generally associated with disasters such as the Challenger space shuttle, failures such as the Vietnam War, and the gridlock we saw over national health care in Washington this past summer. Accomplishments never seem to get the same degree of attention as failure. This is, of course, a natural outgrowth of a society that learns about itself from mass media. It is also a natural product of the process of political-issue formulation in American democracy. Issues do not become politicized without conflict. Successes are generally not as interesting as failures.

Put simply, government programs are born in conflict. They are often created with inconsistent goals. They are created to deal with social problems that can not be addressed through the capitalist market. If a program is successful in dealing with a problem and the issue remains important, the program will
probably hum in the background and receive incremental increases in its resource base. It will never attract much attention. This stands in contrast to the media attention paid to failed programs. If a program is failing to make progress on the problem it was designed to solve, it will remain on the political agenda and in the media's eye. This media attention will enforce the myth that government can not accomplish anything. The myth of government's incompetence is a natural by-product of the role of government in our society. Government's job is to socialize conflict and then to implement programs to resolve the conflict. This means that the new, mediagenic missions government takes on will be among the most difficult work our society can create. These new problems, whether they be reducing teenage pregnancy or cleaning up toxic dump sites, will be the kind of problem that no one has figured out how to solve. Government will be forced to wrestle with these problems in a media fishbowl until solutions become routine. When problems become relatively easy to solve, they disappear from the public's view. These old issues are then replaced by a new generation of political issues. American bureaucrats are then expected to wrestle with this new set of issues, while receiving little credit for resolving the old ones. Thus, Tip O'Neill's fifty year retrospective can point to stunning successes in the public sector, but the myth of bureaucratic incompetence will persist.

I believe that public service, and that includes work in the not-for-profit and in public oriented parts of private organization, is a critical profession. A mark of a healthy society is when significant numbers of people are willing to give of themselves for the greater good of the community. I am terrified of an image that sticks in my mind that I hope is not true. It is an image of indifferent people traveling on the freeway talking on their car phones on the way to their steel and glass office towers. People who are not evil but somehow never manage to see, let alone talk to any poor people. Worse, people who somehow think that those that give of themselves are saps and suckers. The image that I sometimes fear is that the society we have built is one that devalues compassion and doesn't take seriously the need for the fortunate to help those who have had less opportunity and luck than they have had.

Public service is enlightened self interest--not just so you can keep the stuff you have--but so you can gain by touching other human beings that desperately need your touch. In a world gone cold from cynicism and the bombardment of horrible and relentless electronic images of pain and suffering, it is easy to see why some feel it necessary to build a wall between them and those that suffer. Yet we must stand for something else. That something else must be service to each other and to humanity.

My point here is that we need to build a culture where everyone is encouraged to develop and express the public mindedness within them. Where service to each other is the norm and not the exception. Where the person who does not donate his time to others is seen as a social outcast instead of a social dreamer.

In the final analysis public service is service to the collective, to the community. It is teaching, mentoring, lending your voice, your talents, your work in the cause of each other. Public service is about each other. It may be convenient to ignore that value, especially in a place of privilege such as a great Ivy League University like this one. But let me assure you that the rewards of building community are far more lasting than the rewards of collecting material things. This is not an argument for poverty, but for responsibility. It's not enough to take care of yourself. You must also take care of your children and
family. It's not enough to just take care of your family, but you and all of us must also care for our community, nation and planet. If you're sitting in this room you're both talented and privileged. Not everyone shares your level of brainpower or your good luck. Sometime in your career give something back. That's what public service is. Its importance is that without service to each other we can not be human and we cannot be a community. And frankly no one in this room would like to live in a place like that.

I'd be pleased to discuss these ideas with you.