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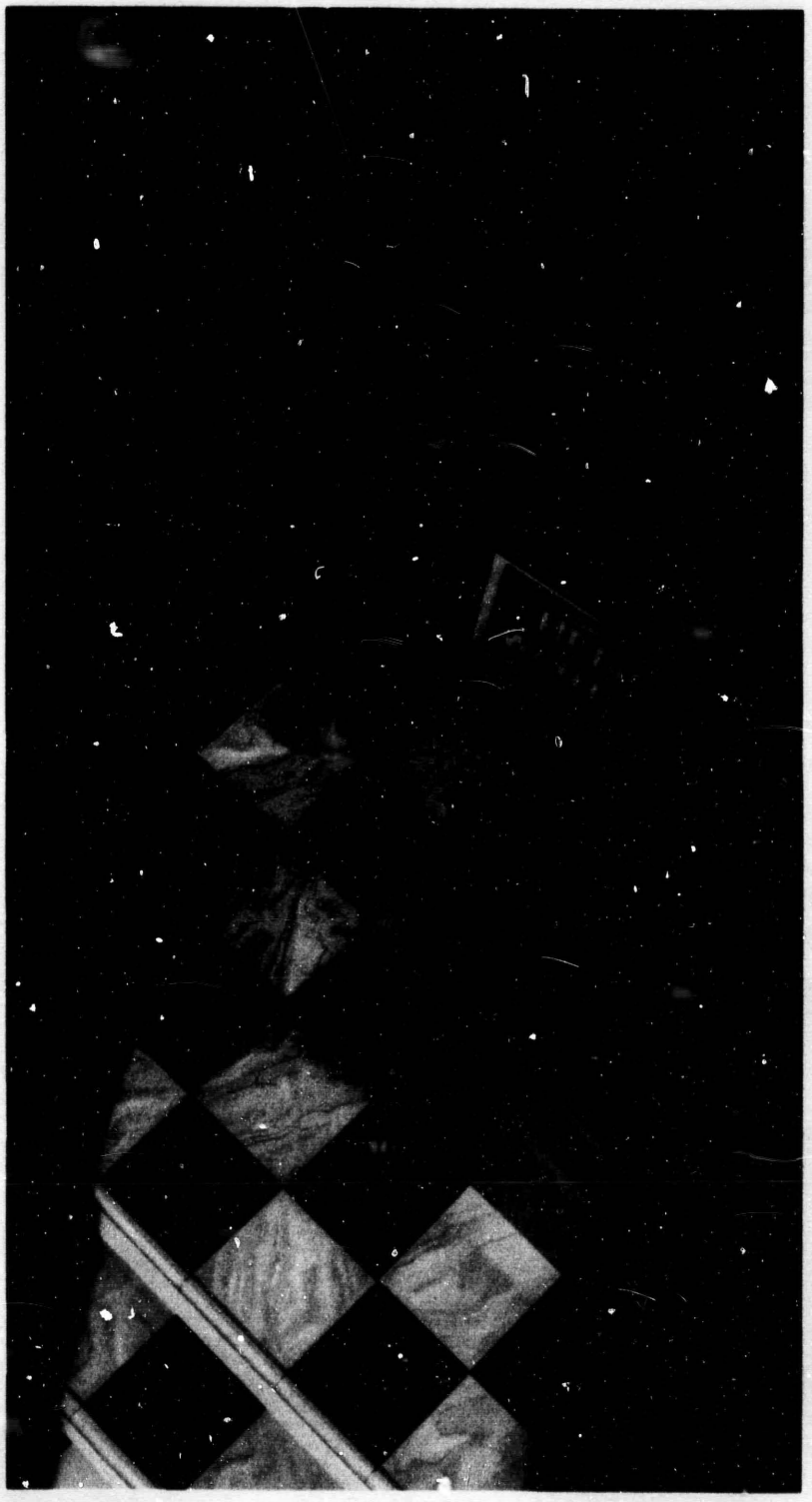

TALENT HUNT
*Paul Volcker on the crisis in the public service*

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C O N T E N T S





Cover illustration by John Porter

# THE NOT-SO-QUIET CRISIS

## *Paul Volcker on the Public Service*

IN SEPTEMBER 1987, Paul Volcker began work as voluntary Chairman of the National Commission on the Public Service, a privately funded, nonprofit organization "designed to strengthen the role of public service in enhancing the effectiveness of government." The prominence of the Commission's 37 members—who included former President Gerald Ford, former Vice President Walter Mondale, seven former cabinet members, three university presidents, and numerous other distinguished figures from the public and private sectors—reflected the urgency of the problems facing the civil service.

The Commission grew out of earlier work by the Brookings Institution and the American Enterprise Institute, which together sponsored the September 1987 symposium, "A National Public Service for the Year 2000."

A few days before the presidential inauguration, Comptroller General Charles A. Bowsher invited Mr. Volcker to discuss the work of the Commission, whose conclusions and recommendations were to be issued early this spring.

Mr. Volcker, who stepped down as Chairman of the Federal Reserve Board in 1987, is Chairman of James D. Wolfensohn, Inc., an investment banking firm.

# FROM THE COMPTROLLER GENERAL

REGARDLESS OF ITS charge, and regardless of the laws and procedures under which it operates, the federal government functions only so well as the people who work for it. During recent times, however, the government has neglected the vital task of attracting, motivating, and retaining talent. We are already beginning to pay the price. If the quality of service to the public is allowed to decline any further, respect for government will decline along with it.

Elliot Richardson wrote recently that "As the baby boom gets grayer, competition for the best and brightest among the next, numerically smaller, generation will be keener. If government is to attract and hold its needed share of talent, the rewards and satisfactions of government service, which for more than a decade have lagged further and further behind other occupations, will have to be increased."

Mr. Richardson, by the way, is a member of the Board of Directors of the National Commission on the Public Service. As this issue of the *GAO Journal* goes to press, the commission has just issued its report on revitalizing the most important element of government: its work force.

The commission is chaired by former Chairman of the Federal Reserve Board Paul Volcker. Mr. Volcker recently visited with us to discuss the commission's work and to share his thoughts on the crisis in the public service. The issue is a broad one, he says, tied up in "personal and political perceptions—what people think of government and how they think of the civil service as a part of it."

Scotty Campbell, former Chairman of the Civil Service Commission, first Director of the Office of Personnel Management and one of the primary architects of the Civil Service Reform Act of 1978 (CSRA), has much the same perception of the problem. In this issue's "Reflections on CSRA's First Decade," Mr. Campbell writes that "the government's personnel system exists in a larger environment that is not just political but economic and social." Both he and Mr. Volcker believe that the crisis in the public service requires the nation's leaders to work to restore respect both for the government and for the people who do the government's work.

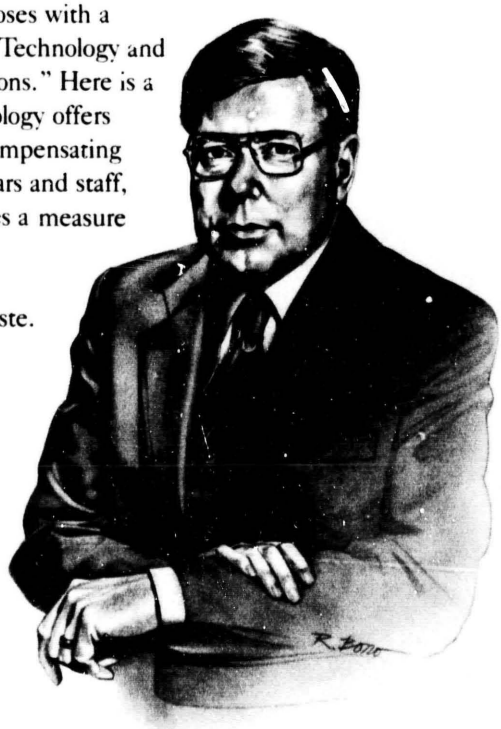
This issue of the *GAO Journal* also includes a three-article package on "Housing and the Homeless," focusing on the loss of affordable housing as it has contributed to the problem of homelessness, and pointing out some new and innovative approaches to its solution at all three levels of government and in the private sector.

A problem no less intractable than that of homelessness is that of illegal drugs. In "Toward a Realistic Anti-Drug Strategy," John L. Vialet and Ronald G. Viereck of GAO argue that previous federal anti-drug campaigns have shared a common flaw: "They have failed to make realistic choices, both about what the federal government can and should achieve and about where the nation's limited resources can be most effectively applied." What is needed, they say, are "well-defined goals that are realistically attainable with limited resources."

Recently, a lot of attention has been paid as well to "the underclass." We invited three leading social policy analysts—Christopher Jencks of Northwestern University, Lawrence M. Mead of New York University, and Isabel Sawhill of the Urban Institute—to discuss just what is meant by the term, and whether study of "the underclass" as such offers promise in the policy arena. Finding answers to deep-rooted social problems is never an easy task; merely to define and measure them can be challenge enough.

Our features section closes with a look at "Information Technology and Government Operations." Here is a story with a moral: New technology offers federal managers a means of compensating for the decline in available dollars and staff, but to fulfill its promise requires a measure of planning and clear thinking. Without the right approach, it's a promise that will go to waste.

With this issue, the *GAO Journal* begins its second year. Our thanks, as usual, to our contributors from within and outside the agency, and to our readers for their continuing interest.



Charles A. Bowsher

**BOWSHER**—*I suppose it's no accident that the Commission hopes to issue its report early in the new administration.*

**VOLCKER**—No accident at all. When the Commission first came together, none of the members knew who the new President would be. But we knew that, whoever won, he'd have a real opportunity to breathe some new life into the issues surrounding the civil service.

The President sets the tone for the new administration. It's his job to provide the vision and to stir up popular support for what he wants to do. But whether he gets it done depends to a large extent on the corps of civil servants. Too often the importance of the bureaucracy is forgotten—which is why the crisis in the civil service is sometimes called "the quiet crisis."

**BOWSHER**—*So one of the purposes of the Commission has been to gain some recognition for the issue.*

**VOLCKER**—Sure. If nothing else, we wanted to convince people that all the bureaucrat-bashing of recent years is an empty, destructive exercise. If you're going to attract the best and brightest into government, you'd better let them know that you value the jobs that government people do.

**BOWSHER**—*Do you think that, across the board, the talent is not what it once was?*

**VOLCKER**—There is still, in key agencies, a remarkably high level of competence, experience, and dedication at senior levels. But the mass of evidence is that the talent's generally getting thinner. What's really troubling is that even the most likely candidates aren't entering government. A recent study of 365 seniors at Yale found just one who expressed an interest in a civil service career. At the John F. Kennedy School of Government, only 16 percent of those who completed the master's program in public policy over the past 10 years are in the federal bureaucracy.

**BOWSHER**—*It's also true that most senior civil servants wouldn't recommend a government career to their children. What accounts for this?*

**VOLCKER**—Pay is one thing, of course, especially at the highest levels. Senior civil servants are paid, in real terms, about 40 percent less than in 1969. The mechanism that was put in place to recommend compensation levels—the Quadrennial Commission—was supposed to help ensure comparability with the private sector. But the system never has really gotten a chance. Executive pay is tied to congressional pay, so it gets caught up in congressional politics. Members of Congress don't want bureaucrats to get higher salaries than they do, nor do they want to go on record as voting to increase their own salaries. Throw in the budgetary pressures we've been experiencing, and it's easy to forget about comparability. So executive salaries lag. The government ends up penny-wise and pound-foolish.

**BOWSHER**—*It's not easy to convince the public that senior civil servants are underpaid. Look at the public outcry at the Quadrennial Commission's latest recommendations.*

**VOLCKER**—Well, sure. But take a civil servant living in Washington, D.C. and working at the top of his profession—with enormous responsibility for spending public funds or for protecting the public's life or for dispensing justice—and then pay him precious little more than a fellow fresh out of one of the top law schools and entering a private Washington law firm. It's not right, and it's not smart. No private firm would pay the way the government does, and administer personnel the way the government does, and expect to stay in business.

**BOWSHER**—*Of course, the fact that government isn't business seems to be exactly what draws a lot of people to it. I've always been impressed that in government there are pockets of really dedicated people. Look at Rickover's submarine program in the Navy: There was tremendous loyalty at work. When a fellow left that program last year to work for a shipbuilder, it was the first time that had happened. Yet, you look at the rest of the Navy or the other services, it's just a totally different world.*

**VOLCKER**—That's a good point. The pay scale in the submarine program is the same as elsewhere in the Navy—right?—but it's leadership and mission that account for the spirit of the people who work there. An agency needs a sense of mission—the feeling that everyone's pulling together, working at something exciting. Federal workers can't be expected to identify with the entire government—it's too big. *Espirit de corps* is going to be an agency-by-agency thing, as it has been in the past with the Forest Service or the Park Service or the Foreign Service.

**BOWSHER**—*The agencies you've mentioned happen to be ones with strong careerist traditions.*

**VOLCKER**—There's probably no coincidence in that. Agencies with career ladders going right to the top, or even near the top, are pretty rare. Successive administrations have loaded the upper levels of the bureaucracy with political appointees—some 3,000 right now. Compare that with Germany, where 50 to 60 people change with the government; with the United Kingdom, where the number is roughly 150; with France, where it's maybe 400, and over half of those are drawn from the civil service. It's not surprising that, overseas, some of the best and most ambitious young men and women still vie for key spots in the civil service, and that senior civil servants are among the most respected professionals in the community.

**BOWSHER**—*Our problem isn't so much the sheer number of political appointees as the background and attitudes they bring to their jobs. New administrations have got to put a better focus on pulling in government professionals—people whose political leanings reflect the philosophy of the President, but who also value their professional integrity and the role of manager.*

**VOLCKER**—That's where the numbers cause problems. Can an incoming administration really be expected to make 3,000 top-notch personnel appointments in a few months?

**BOWSHER**—*You can be sure, though, that it would be hard to convince the White House that they'll have better luck getting their policies implemented if they make fewer political appointments.*

**VOLCKER**—It just goes against their instincts. Incoming administrations have traditionally been very suspicious of the civil service; they act on that suspicion by increasing the number of political appointees. Then the next administration comes in and adds even more. But you can argue that this great mass of appointees won't necessarily think alike, or even be uniformly in accord with the President. Some will bring in agendas that reflect their differing ideologies or particular career plans, and they sometimes have a constituency of their own. You're not going to see much follow-through on programs when the average stay in the job is less than two years, and you're certainly not going to see much attention paid to long-term management improvements. So you could certainly argue that all this diversity and turnover defeat the whole purpose of trying to fill the ranks with your own people.

**BOWSHER**—*Based on the general management reviews we've performed here at GAO, I think there's a major incentive for department heads to make better use of careerists: If you don't get the right folks in place—folks who know how to make the agency run properly—you'll spend your time putting out fires instead of implementing your policies and programs.*

**VOLCKER**—That's one lesson most political appointees have to learn on the job. Careerists can be of tremendous help. Time and again, we've heard agency heads say that they came in with a bad image of careerists and left with great respect for them. There have been examples of what happens when political appointees wall themselves off from career executives—or vice versa. But my own experiences

have been a lot different. Part of the job of a senior civil servant is to remember—to warn the boss about where the potholes are, to let him know what's feasible and what's not, to report the facts without distortion. The typical career civil servant also wants to be responsive to strong and clear leadership, regardless of which party is in power. It's probably more than just an intellectual appreciation of the fact that the President and his appointees are politically responsible; there's a strong psychological satisfaction in playing on a team that has new ideas and a public mandate, that seems to know where it's going, and that is willing to look to the career staff for help.

Then again, when it's the political appointees who get all the prominent, decision-making jobs, after a while you've got to wonder where the career civil servants are going to find their incentives.

**BOWSHER**—*We've talked about fed-bashing and inequitable pay and the expanding number of political appointees. All these have contributed to the "quiet crisis." Are there other factors worth special attention?*

**VOLCKER**—Well, certainly. If the government's going to make the most of human resources, there's going to have to be more effort put into recruitment, more flexibility in promotion and firing, more decentralization, and improved educational and training programs. Right now there's too little being done in these areas; the bureaucracy is choking on bureaucracy.

More broadly, though, the issue is one of personal and political perceptions—what people think of government and how they think of the civil service as a part of it. Many Americans feel that the government isn't very efficient, that it just isn't doing things very well. Part of this stems from the fact that in the postwar period the government has tried to do so much more; the more you try to do, the less well you're going to do it.

**BOWSHER**—*There's also a difference between the attitude toward government today and that of the 1930s and 1940s. During the Depression and then during World War II, most people saw the government as a saving force. Now it seems they've reverted to the traditional American aversion to big government.*

**VOLCKER**—Well, big government's here to stay, and we all have a stake in seeing it work better. The people doing that work deserve respect. I think the public ought to confine most of its skepticism to the political world, where a dose of skepticism does the most good and where hard, healthy debate ultimately leads to decisions on public policy. But once the policy is in place—once the course is set—the government ought to be in a position to try and do it right. That's a pretty simple notion; a little respect would help get the job done. •