

**THE BROOKINGS INSTITUTION**  
**National Commission on the Public Service**  
**Press Briefing Transcript**

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PAUL LIGHT, SENIOR ADVISER

PRESENT:  
Charles Bowsher, Bruce Laingen, and Hannah Sistare  
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**MICHAEL ARMACOST:** We will commence, and welcome everyone to Brookings. It's my pleasure to welcome you to the convening of the second National Commission on the Public Service, a commission which will be headquartered here at Brookings as a private act of our Center for Public Service. It includes, as commission members, distinguished Americans who come from both political parties, who represent an extraordinary range of depth and breadth of experience in the public service. I'm happy to say that not only is our commission chairman present, of whom we will hear a great deal more this morning, but also Chuck Bowsher and Bruce Laingen, who along with me will serve as ex-officio members of the commission. Bruce was the executive director of the first National Commission on Public Service. We will engage the best and the brightest of research organizations who are working on this subject in collaboration on this work.

This is being announced, I think, 12 years to the day, I'm told, of the first National Commission, which Paul Volcker also chaired, and we're delighted that he's here. I can't think of anybody who's performed more distinguished service to our nation over the last generation. It's striking that in the period since he's left the Fed every time a huge national problem comes along, people turn to Paul to sort it out. He can sort out the Enron problem. (Laughter.)

On the last commission report, Paul and his colleagues heralded the quiet crisis in the federal public service. Today, the federal government faces a lot of difficulties. One is the impending retirement problem. There are an awful lot of senior people in the current service and civil service who are at an age where they will be retiring. We've had, in recent years, very serious difficulties in attracting and retaining talented Americans for service. We face the increased problems of battling against terrorism at home, as well as abroad. In short, there's nothing very subdued about the quiet crisis that was heralded on the last occasion for this commission's work.

Under Paul's direction, the day to day work of this commission will be directed by Hannah Sistare, here this morning—there she is—and Paul Light, of course, who's had a heavy hand in drafting the last commission report, and has collaborated closely with Paul in the past, along with Cal Mackenzie. Jim Dertouzos will be lending a hand.

The particular areas of concern that will be the focus of the commission's work include: how to open the public service to new talent while maintaining an institutional memory in the service, closing the pay gap between the public and private sectors, and reorganizing the government to improve performance in restoring trust in government. One must happily say that since the noble performance of the fire and police departments in New York, there has been a renewed sense of the value of public service, and that seems to have spilled over and produced the growing respect for people in national government, as well as local, municipal and state government. As importantly, we hope the commission will be able to broaden recognition for the need for comprehensive and large-scale reform in the federal public sector, and its intent certainly is to energize and activate and unite groups who have an interest in this behind a major reform effort.

The task that faces the federal government as it addresses the challenges at home and abroad is an enormous one. The commission seeks to alleviate this burden by providing concrete reform recommendations and directing its work towards action on these issues. I can't think of a more

important project that we could undertake at this time, and I'm very confident under Paul's great stewardship we will be successful.

We're very fortunate at Brookings to have Paul Light, not only as director of our Center for Public Service, but as the vice-president and director of our Governmental Studies Program. You all know of his energy and insight on all issues related to public administration, public management, and political science, more broadly. And it's a great pleasure to turn the program at this point over to Paul to describe in somewhat more detail the work envisaged for the commission, and then introduce Paul.

**PAUL LIGHT:** I'm just going to make a couple of introductions here and briefly summarize why we decided to get involved in another national commission. This, I think, will be my fourth national commission that I've worked on. I worked on the 1983 Greenspan Commission with Barber Conable; then in 1988, for about 60 days, the first National Commission on the Public Service, with Paul Volcker; the 1993 Winter Commission on the State and Local Public Service; and, you know, this will be the fourth. I think there is a mixed record of success in there, almost all due to my involvement, where it's been under-performing, and others' involvement when it's been over-performing.

**M. ARMACOST:** We'll give you another chance. (Laughter.)

**P. LIGHT:** I'll keep doing it; I'll keep working on it.

We started thinking about this commission about a year ago, out of concern that Congress and the executive branch might miss the opportunity that is presented today for substantial, comprehensive reform. There is an instinct in Washington toward tinkering, and we do not believe that the problem that we face in the public service is one that merits further tinkering. Tinkering can help, it can certainly make forward progress, but there's a tendency in this town to assume that any small evidence of success is enough to warrant inaction, and perhaps we can talk about that in a minute. I do want to acknowledge, before we get rolling, Charlie Levine, who was a Brookings person. Charlie and Ros together came up with the phrase "the quiet crisis." I don't know which one of you it was.

**ROSSLYN KLEEMAN:** I won't say. I think it was joint. We did it together.

**P. LIGHT:** Charlie was the deputy director of the national commission under Bruce, and died suddenly late in the commission's work, and I was drawn in to help write the final report. In many ways, Charlie's life represented the dedication of public service, and it's important to remember his contributions as we start again.

We have a couple of commission members present, including Charles Bowsher, the former comptroller general, who spent, during his career at GAO, a good deal of energy building and strengthening the Human Capital Studies Program, which was largely under the direction of Ros Kleeman, who sits across from us today. We also have Bruce Laingen here, who was the executive director of the national commission charge d'affaires in the U.S. embassy in Iran. I had the

opportunity to work with him, and also have one of your sons at the Humphrey Institute. I don't think I did too much damage along the way.

Hannah Sistare is here. Hannah has announced her decision to join the commission as executive director, effective March 1st. That's a real coup for us. She brings a wealth of contacts on Capitol Hill and in the executive branch, where nobody talks to me anymore unless they call to yell at me, so that's a good contact.

Our funders for this modest commission are the Dillon Fund, which supports the Center for Public Service. The Dillon Fund, of course, is funded in large part the by the former secretary of the Treasury, Douglas Dillon, who gave Brookings the funding to support the chair in which I sit. We also have funding from the David and Lucile Packard Foundation, which gave us a grant several years ago to pursue public service work of one kind or another. David Packard, of course, was a strong believer in public service and believed that you could not get anywhere in terms of Defense Department reform without strengthening public service. Doug Dillon was a distinguished and is a distinguished public servant in his own right.

We are operating kind of a virtual commission in many ways. Much as I have opposed random outsourcing, we are doing some outsourcing here. It's anything but random. We have Lipman Hearne doing our communications work, and we have a number of partners around town who are helping us with research and thinking about our work. I point here to Max Stier, who is the president and CEO of the Partnership for Public Service. The Partnership will have a unique role with the commission in helping us think about how to have impact with the commission's work before we issue the final report. This is something that we hope will improve the odds that the recommendations will be adopted. Michael Rich, who is the executive vice-president of RAND, would have been here today if I hadn't told him that the event was yesterday. (Laughter.) So Michael flew all the way from California to be with us yesterday morning.

**M. ARMACOST:** Is it indicative of government service, or —

**P. LIGHT:** No, you know, he is so committed, and I am so committed to this, that he came early, but he could not stay. I have a big apology to make, Michael. I don't know how to do it, but I'm going to have to make this up to him.

RAND is putting a tremendous amount of energy into this project. I have done some work with RAND, looking at their public management and human capital research over the last 10 years, and I believe that RAND is the nation's most effective and most knowledgeable think-tank on human capital issues today. RAND just has a tremendous knowledge base, and RAND has committed a significant amount of resources to helping synthesize and digest the recommendations that are embedded in their work on human capital reform. I expect them to be a heavy player in the commission on helping us understand what's going on.

Jim Dertouzos is a senior advisor. He is at RAND, and he'll be a senior advisor to the commission. We have Ros Kleeman from the National Academy of Public Administration, which will be doing some work with us. Martha Johnson, from the Council for Excellence in Government, which will be

presenting, we hope, some work. We've got John Palguta from the Partnership. The Partnership is not only going to be helping us with thinking about maximizing our impact, but providing some research energy into this. We've also invited the Kennedy School of Government's executive session participants to make recommendations to the Volcker Commission.

That's a long introduction to the commission, and speaks to the kind of networking that we're doing and the dependence that we have on others around us. Our commission is built around Paul Volcker, who was the chairman of the first Volcker Commission, Federal Reserve Board chairman, the head of Wolfensohn & Co., and now, problem solver de jour. Are you done with your Swiss work, yet?

**P. VOLCKER:** No, not quite.

**P. LIGHT:** No, not yet.

**P. VOLCKER:** It's on the downhill slide.

**P. LIGHT:** So, I called last Tuesday when we heard that Mr. Volcker was going to be working with Andersen to say, what does this mean for us? I think your answer was, absolutely nothing; it's, you know, still full speed.

Did I get that right?

**P. VOLCKER:** Crisis here, crisis there.

**P. LIGHT:** Yeah, very much so. (Laughter.)

Let me just introduce Paul and thank him for his dedication to public service reform. It was a pleasure to get to know him back in 1988, and a pleasure to work with him now. Once he commits to a project like this he commits fully, and with all that means for being engaged in the conversation at every level of detail.

So let me turn this over to you, and let you talk, wax poetic, about your thoughts here.

**P. VOLCKER:** I don't know that I can wax poetic, but I give you a few thoughts and reactions I—it was rather impressive with when you talked about the number of people that are involved in this number of organizations, which is very important. But I don't think anybody will be misled that this is not a subject that has attracted enormous excitement and interest in the United States for some years; a very difficult subject. We are operating in a general environment of declining trust in government, declining interest in government, particularly declining interest, I think, by young people in coming into the government. We're not getting our fair share of the best—a lack of continuity, a lack of a lot of things in a lot of views.

Against that background, let me say that I want to pay particular tribute to Brookings in an area where that has not been all that much intellectual leadership in the past. Brookings is, I suspect, better known for its economic research and contributions over a period of time. We all know how

the economy is operating and this is of great continuing interest. This side of Brookings, which was always there was, I think in recent years, until quite recently anyway, kind of a stepchild. But with President Armacost's interest and Paul Light's interest, there's been a real revival in this institution, and they are the ones that are really providing the cutting edge, along with these other organizations. Because it's clear that while I think the general environment has not been a terribly happy one in terms of government up and down, local government, state government, federal government, interest in it, things may be changing. There was evidence before September 11th of kind of developing interest, and certainly the people around here have reflected that. And you see—and then even some of the polling showed a little more improvement, and then there was this leap of interest after September 11th when everybody had to be reminded that there was a certain function of government.

And when you're sitting up there in New York, it's particularly interesting. New York circulates around the heroes in the financial markets when it's not the heroes in the cultural area and investment bankers and the like, and you suddenly realize that the life of the city is less dependent upon what investment bankers were doing and some very ordinary civil servants; what were considered very ordinary civil servants that turned out to have a lot of experience when the crisis came. They had more expertise, I think, than anybody gave them credit for, and they certainly reflected a lot of personal heroism, which, in my view, is not characteristic, necessarily, of the investment banking business. And so you realize that there is really a very special role for government. And lots of problems, and something ought to be done about it.

You know, I'm here, I guess, because I like the word crisis. This has been a slower-moving crisis. We have a more rapidly-moving crisis in auditing and accounting in the Enron world. But I do think that the time is as ripe as any time I've known in the past—I don't know, 20 years or so, the glory days when I came down here to Washington for the first time in the Kennedy administration, when everybody wanted to come down in government, and we were going to, I'm tempted to say run the world, but that's not the right expression—(laughter)—exercise some constructive influence on the evolution of the country and the world. And there was just this palpable excitement about Washington, which is maybe overdone. But since then we've gone very much in the other direction for a variety of reasons.

I think all of you understand now is the chance to change that, and there are indications of increased congressional interest. It's been very hard to get congressional interest in this subject, but there are some indications, I guess partly reflected in Hannah Sistare's willingness to come here, reflecting that kind of interest. And it may be possible to do something.

As Paul suggested, we don't intend to make this a massive effort in the sense of sponsoring a lot of new research and reinventing the wheel. We, rather, have the feeling that quite a few wheels are out there ready to be put on the car. And I think something has to be done to galvanize this. And those wheels and engines and all the rest are represented by the Partnership of Public Service, National Academy of Public Administration, Council for Excellence in Government, all right here in Washington. They're kind of not only raring to go, but have been going. And we have the intellectual end from RAND and the Kennedy School. So, bringing this all together under the umbrella of the Brookings Institution, I think, is promising, and take advantage of this bit of

serendipity, that one result of terrorism may be that we have a much more fertile climate than we have had for some time in thinking about public service.

So we are going to move ahead, Paul tells me, quite expeditiously. We have a very distinguished commission. He has assured me that we will only have to meet a few times. I multiply that by two. But he told me once, I got him up to two, and we do four anyway. But we're going to take advantage of all the material that's out there and try to put together some reasonably comprehensive and integrated set of proposals. We've got these old problems of a relative balance between political influence in government and expertise and continuity. And through the civil service we've got the problem of getting people more interested, retaining them once they get there.

I'm still amazed the young people who get into the federal government. When they come in and get through the maze and get appointed, too often they get disappointed after being there a few years and leave too soon. We've got to find some way of taking advantage of all the talent in the country that may come here for more limited periods of time without destroying career paths on the other side; a difficult balance. We've always got the problem of not just pay. People are always suspicious of a commission like this that all we're interested in is getting the pay up. And I have no doubt that in some areas, any way, the government pay is out of line when presumably bright young lawyers from Harvard or Yale, or something, can go to a New York law firm and make as much as at least a deputy secretary of something their very first year. Something is a little out of whack, I think. But along with pay, there is some need to satisfy the public and the Congress that you are getting performance and that people are being judged by how they perform.

So, there are a lot of old—most of them are old problems, but we have a new context, a new world. And we will just go at it as expeditiously as we can and guided by Paul and Hannah and others in bringing what is on the shelf, so to speak, or more than on the shelf, with the help and collaboration of so many other people in Washington that are interested in the same subject.

So let me just stop there and open it up to your questions and comments.

**P. LIGHT:** Let me just take a minute to ask Max—of course, you've got a mouthful there.

**MAX STIER:** I'll just—

**P. LIGHT:** So I've been told. An improvement. I should note as well that on the presidential appointee side of this initiative, which constituted about a third of the original national commission report, we got the Presidential Appointee Initiative here at Brookings, which is generating a volume of insight on what to do about that particular problem, as well as support for the legislation of Senators Thompson and Lieberman. And I hope you extracted a promise from Senator Thompson that your departure would not adversely affect forward movement on that legislation.

**M. STIER:** No we hope it will enhance it, bringing more to the table.

**P. LIGHT:** (Chuckles.) You're not in one of those circumstances where your departure is going to improve the quality of both institutions?

**M. STIER:** Yes.

**P. LIGHT:** Yeah, okay.

**M. STIER:** Isn't that our goal?

**P. LIGHT:** Yes. Yes. So we've got Sandy Stencel here and Carole Plowfield and many of the PAI members.

**P. VOLCKER:** You have a little note here that 25 percent of Senate confirmed positions have yet to be confirmed in this administration. Here we are a year after the administration came in. But I happened to be down here and just talking with Paul. We're visiting Senator Thompson in May, I think, three months after the administration had taken office, and at that time, as roughly as you can extract all this, very carefully, I think every Cabinet officer had been confirmed, two deputies had been confirmed, I think maybe two assistant secretaries in the State Department and one in the Treasury, and that was it, three months after the president was inaugurated, six months after the election. Something screwy in this particular area.

**P. LIGHT:** We think so.

George Voinovich was supposed to have said once that "This is a dog that barks every four years and then stops barking." I don't know how we're going to keep this alive, but we're trying to strategize.

Max, do you want to say a word or two about the partnership?

**M. STIER:** Absolutely. And I think we're very pleased to be here to help you in any way that you think is useful. It's the appropriate time of year to make the announcement that you assembled a gold medal team for addressing this issue. There's no more important time than now to address this set of problems for reasons you've already stated. Everything that we see happening in the world today, whether it be homeland security, where we've heard from another important Blue Ribbon commission that was run by Senators Hart and Rudman, that the bottom line there is the people, and that unless you fix the people's needs you're never going to have the government performing at the level it needs to perform in a world that has become increasingly dangerous.

Obviously, Mr. Volcker is involved in the Enron situation. And there, again, we see the need for good people who can provide the oversight in the SEC and other institutions to help consumers, stockholders and others from potential problems that we've seen in Enron. We have a piece of legislation that was passed in the SEC context to allow for greater pay, but not feed the dollars to actually fund that increased authority.

Now is the time to be working on these issues, and we are very much looking forward to working with you by doing whatever we can to help.

**P. LIGHT:** Chuck, do you want to say something, and then Bruce?

**CHARLES BOWSHER:** Well, I'd just like to say that I was pleased to be asked to be on the commission because it was something that in the public service we worked very hard at GAO when I was there for 15 years, and I think we made a lot of progress. My predecessor, Elmer Staats, got legislation that gave us freedom from some of the old civil service rules, and everything like that. And so we were able to recruit from the best schools and get the best and the brightest. And we were promoted. We went to a band system rather than the 18 steps. And when we were up there, we were testifying sometimes 250 to 300 times a year, and I was only doing about 25. I was the only presidential appointee, so that meant that all the testimony that GAO was doing was basically being done by public servants, and they were doing an excellent job.

My first time in the government was as assistant secretary of the Navy. I found out I had 5,000 people working for me at the Navy. As a chief financial officer I had 5,000 people working for me at GAO. And it was a different era, because, as Paul said, when I went into the Navy it was really the Depression and World War II people that were there, and then in the '80s and the '90s, it was a new generation.

But I do believe you can make government service very exciting, very productive. There's a lot of talent out there among young people today. If you can attract them and give them a challenging career, they will respond and do a great job. So I'm looking forward to that.

**P. VOLCKER:** Listening to you, Chuck, I'm reminded that GAO has been really a center of working on these problems, beginning with Elmer Staats, and then through your time, and I think continuing on.

**C. BOWSHER:** Now with David Walker.

**P. VOLCKER:** It's been kind of an exciting place, I think, to be, in contrast to the usual view of auditors. There the government auditors are the hot spot. (Chuckles.) I think maybe that might have some lessons for the rest of the world. Get some Italian talent and excitement in that part of the—

**C. BOWSHER:** And, you know, we did some management reviews at some of the Cabinet departments and other large agencies in the government, and one thing we'd always look at is where were the young people coming in from? And too often they were coming in from the bottom third of the class, whether you're talking about lawyers or accounting systems people. And right then you know that you basically have a problem down the road. So I think this is an area that really needs some good work, hopefully. And I know under Paul we should come out with a very good product.

**P. VOLCKER:** We could go on and on about these problems, but I get involved in the Kennedy School a little bit, and Paul is more involved, but they encourage people to come in, particularly through this PMI program, which is sometimes, I guess, hanging on by its fingernails but it's had some revival. But you go to the Kennedy School, for instance, and you're likely to come out with \$40,000-50,000 worth of debt, so you can take a job with the government at \$35,000 instead of going with some consultant at \$100,000. I mean, it's a real problem.

**P. LIGHT:** Bruce, a word or two?

**BRUCE LAINGEN:** I've—I'm sure Mike has too—taken due note of the fact that we are ex officio, which means we don't have to do any work. (Laughter.) We can sit on the sidelines and watch. I assume that's the purpose of an ex officio member, and I have certainly taken note of it. I think the best thing I've heard this morning, from what you've said, other than the fact—appreciating that you, Paul Volcker, are again persuaded as we persuaded you in your office at the Federal Reserve when you hadn't yet stepped down. I remember meeting with you at that time and trying to persuade you, sitting as we did in your office under—you under a portrait of a big fish. He likes to fish, and there was a portrait of a trout. It must have been one of your favorite things hanging on the wall. He was very loathe to do anything at that time in his retirement, I think, except to go off fishing somewhere. But we persuaded him at that time to join this, and that's one of the best things I've heard about this commission, that he's been persuaded to come back, in addition to the fact that Paul Light is back, and honored us to do what he did so marvelously for us in the aftermath of Charlie Levine's tragic death. If you hadn't have come along, I don't know where the Volcker Commission would have gone at that time. We thank you to this day, Paul, for what you did for us then.

The other thing that is particularly welcome in what I've heard this morning is the emphasis on the word expeditious. You're going to move quickly this time, in a year, whereas we took, I think, three years, wasn't it? And here it is, how many years later, and we're back at it.

We've also emphasized—I think you did, Paul, this morning—that there's a lot on the shelf already, so your emphasis is not going to be on a great deal of more paperwork put on the shelf, more research. At the State Department we met the other day with Colin Powell. The State Department in the last couple of years has been researched very heavily, and a number of people have come up with a great deal of reports, very useful ones. The first thing that Colin Powell said in a meeting with a group of us the other day was, "Please, no more studies;" he's got enough recommendations in hand. And I think your objective seems to be to move as quickly as possible to focus on what you call here "targeted recommendations for action," and an action plan within a year. That's a very ambitious, but realistic, and I think right objective to have. So I look forward to sitting on the sidelines.

**P. VOLCKER:** I completely reject the idea that ex officio means you're on the sidelines. (Laughter.) It's precisely the opposite. Doesn't that mean you carry the load? I mean, it means it's part of your job.

**P. LIGHT:** What's your definition of ex officio?

**P. VOLCKER:** Ex officio means that as part of your ordinary responsibilities, you have to participate and lead this effort.

Bruce has been a great public servant, a Foreign Service officer for many years, and has kept at this in his—I hesitate to call it—retirement, and we look forward to your continuing strong participation.

**P. LIGHT:** So let's open this up for questions now that Bruce has told you that it wasn't three months for the first Volcker Commission, but three years. So let's see what you have on your minds in terms of questions for Paul, or for anybody here.

**P. VOLCKER:** We'd love to get this report out by next Christmas.

**P. LIGHT:** Yes. No problem. (Laughter.)

**Question:** Mr. Volcker, Paul Light observed that Congress and the administration like to tinker in this area and never really come to grips with fundamental reforms. Could you elaborate on that a little bit and maybe give us a sense of if you'll do any arm-twisting with this administration when the report comes out?

**P. VOLCKER:** Arm-twisting with this administration? I don't think I can give you any enlightenment on arm-twisting with this administration. I hope the administration has some people that are genuinely interested in this subject.

I think the two important members of the administration that I've had some familiarity with in the past, Paul O'Neill and Don Rumsfeld, have both—actually they've both been very active in RAND, among other things. RAND has been drawn into an increasingly active role here. But I would hope that they may be representative of people in the administration that have some interest.

I think that's very important because I suspect it's fair to say that some people have interpreted Republican philosophy as being disinterested in government and government reform and does not create an environment for reform. I don't think that's necessarily true, and I think these people are symptomatic of a different strand. I know there was a famous remark by one official 20 years ago or so in the Reagan administration that, "It's good that only mediocre people are in government because we don't want government to be very important." Now that's—I don't think that's the attitude of the people that I know in this administration, so I think there is some real chance of doing something.

Senator Thompson has had interest, Senator Voinovich too. That is different than it was whenever years ago when we launched the other commission. It was very hard to generate interest in the Congress. At this point I'm led to believe there is spontaneous interest in the Congress, and I do hope we can kind of help channel that, not into some particular action here and there that isn't very comprehensive and say it's done, and try to focus that into a more comprehensive look. If we can do that, whatever the specific recommendations are, we could encourage the Congress and the administration to take a serious look at a reform, more or less comprehensive, I think we will have achieved something.

**M. ARMACOST:** I would add Colin Powell's name to your list. I know a year ago when I was speaking about State, where I spent 24 years, morale was extremely low, budgets were in bad shape. They were not only seeing a lot of early retirement and difficulty in recruitment, but a lot of people who were 31 or 32 had spent five or six years, and were being attracted to dot-coms. I mean, they're available again.

But I think it's very clear that a year later the morale problem was solved almost immediately with Colin's arrival. The budget problem is in the process of being fixed because of his credibility with the Hill, and the recruitment has been skyrocketing in the last year. There's a number of people interested in the jobs. Now, they've got procedural problems too, at least getting the security clearances done in time to make them competitive with other segments of the private sector and the non-profit world. But I think there's been, from the viewpoint of Foreign Service people, just a remarkable, dramatic change with respect to recruitment and morale. The credibility that he has I think will be very important dealing with the—

Audience: — Have you got those? Three people, but that's beginning to top. I can't quote you now, but I know I was encouraged in listening to some of the earlier speeches and comments by the president about his interest in government that had a little different tone than some of his predecessors, I think. He didn't come in saying government is the problem. I think he came in saying government may have to be changed, but it's part of the solution. I think that's an important change in attitude and approach.

**P. LIGHT:** Other questions? Yes?

**Question:** How do the current proposals out there by Senators Thompson and Voinovich fit into your plans?

**P. VOLCKER:** I am not going to comment on the current proposals because I'm afraid I am not that familiar with them. No comment.

**P. LIGHT:** Well, I think that a lot of the energy right now in reform is focused on the entry level, which we all know has to be fixed. We've got to have a faster hiring process. I mean, it's ridiculous that it takes six months to get somebody into government. Our advertising is awful. We don't do a good job in terms of exercising current authorities. Now, some in the Budget Office argue that we've got all the authority we need to solve most of the problem we have, but there's no money in the budget for it. But I mean, the first place people are working right now—and Senator Voinovich is very hard at work on the entry level.

That's important stuff, but the problems in the federal public service do not stop at the acceptance of a job offer. You've got to hold on to the people. We have a tremendous turnover problem at the three-, four- and five-year mark, where people exit at the first opportunity. I mean, talk about the Kennedy School's debt relief. If you take a PMI and you're a Kennedy School student, the dean guarantees you \$10,000 of debt relief. That's great. We've got loan forgiveness in the agencies, that's an authority that's available, but they don't have any money for it. But it makes no sense to use money on debt relief or loan forgiveness and have the student come in and leave after three years because he or she says, I just can't stand being here; this place is a dreary place to work, my colleagues are losers, I can't get anything done, there's no opportunity for advancement, there's no money for training.

You've got to work this issue from the very top of the hierarchy down to the front line. Right now we're working on the hiring issue because that's really the most important thing to deal with right

now because of the retirement issue. We've got to work harder further up the career path. You know, the first Volcker Commission talked about issues of career development and staff. And Senator Voinovich can't get the agencies of government to tell him how much they spend on training because they don't know. And there's not a nickel of new money in the budget for training, near as I can tell.

**P. VOLCKER:** It really is ironic. I was complaining about the length of time it takes to make political appointments. It takes the same length of time for somebody to come in at the most junior levels of government, given the clogging up there is in the process.

**P. LIGHT:** Other questions?

**Question:** Is your charter infinite, Paul and Paul? Are you going to do every problem that has ever been identified or may ever be identified?

**P. VOLCKER:** No, obviously we're going to have to be selective. Selective sounds the opposite of comprehensive. I think we want to kind of pick out the high spots with kind of an emphasis, I think we imagine, on the personnel side of things. But there's some structural problems in government, too, and I don't think we want to neglect those, but we're not going to have a 400-page report. We're going to be pretty succinct, I think. We can have a lot of backup material that's already developed by all these other studies that are going on and all the work that the other people are doing.

Audience: There are plenty of studies.

**P. VOLCKER:** Pardon me?

Audience: There are plenty of studies. My thought was—you've been talking mostly about recruitment, and one of the bugbears that has piqued me over the years has been our conflict of interests—regulations and laws. And they're less important for recruiting but they're enormously important when you get jammed up at sub-Cabinet levels. And do you have any intention of looking around in there? Not politically terribly powerful—

**P. VOLCKER:** My impression is that is one area where there have been three or four committees that I have been involved in, and there are probably a multiple of those, and I think we will try to distill what seems most practical and best out of those reports and come to some conclusion to reiterate the key points that we think are most important as part of this whole thing.

**P. LIGHT:** We've got a book that Cal Mackenzie has written and is now in review entitled "Scandal Proof." There are 272,000 federal employees who fill out a Standard Form 278 every year for financial disclosure. Cal Mackenzie has calculated that we spend 191—I think that's the correct number person years every year filling out the form. Think about it. It takes three hours, and that's the Office of Government Ethics' estimate of how long it takes to fill out the 278. I'd argue that it takes more like three weeks. But at just three hours per person, 272,000 federal employees, 191 person years of labor filling out that one form. Are we better? Are we doing any better? Are we more ethical as a government? And what could those 191 person years have been spent on that might have been more important?

So I think we'll probably take on the ethics issue. I think we'll—I'm going to urge the commission to tackle the reorganization question as well. I just think that's right—a terribly important issue that needs to be tackled. But the commission will meet on March the 21st for its organizational meeting and will determine what its primary agenda of concerns is going to be. That will be a narrowing exercise. But I don't think this is going to be about personnel.

**Question:** Mr. Volcker?

**P. LIGHT:** March 14th? Yes, it's March 14th. I'm sorry.

**Question:** Mr. Volcker, is it your impression, sir, that the management of the federal government has declined over the years or—?

**P. VOLCKER:** Management has declined, but do you mean management expertise, management effectiveness? What of it?

It's certainly my impression that things have gotten more complicated, which makes management more difficult. I certainly have the feeling there is less trust in government, although it may be improving a bit, which is one aspect of management. I think there is a feeling of less effectiveness, but you have to balance that against increased competition. I always think that the two great defects of government, two great problems of government were the invention of air conditioning, which kept Congress in session all year, and the Xerox machine, which meant you had to coordinate with more—you used to only have to coordinate with four people that would need a carbon copy of the typewriter. Now everybody can get in on the act because you can send them a Xerox. Now you can do it with e-mail. God knows how we ever reach a consensus.

But I think things have gotten a lot more complicated, so that you have many more problems that, rightly or wrongly, become a subject of interagency coordination. More and more agencies get involved, and it's just more and more difficult to arrive at a kind of decision.

**M. ARMACOST:** Well, you've forgotten that those carbon copy pages were not foursome, they were eight; eight levels in the old days. I've been around longer than you, obviously.

You've emphasized, Paul, that you're going to produce a succinct one, a short one, and early. I think one the attractions of the Volcker Commission Report, if I may say so, was that it was succinct. It was brief. It was highly readable. And if you have any spare money to spend, Paul, you might make copies available of that thing, have it reprinted so that everyone around this table has a copy. Not everyone does. They're a little extinct these days.

**P. LIGHT:** I have a supply, but Bill Fanaras over here has five or six copies that we've Xeroxed. We have to figure out how to do that.

**M. ARMACOST:** Then I spent six months here at the very end of that commission. We were producing a little paper of our own, which Brookings printed. You might want to reprint that as an effort to look back at what we had accomplished.

The problem in any commission—you all know that, you've been involved in it—in any study is the stage of implementation. And I think, looking back on the Volcker Commission effort, it was a weakness that we experienced in implementing the recommendations we put forward, including some shortcomings in what we expected from governments to get behind some of those recommendations and help implement them. So I hope in the process of the commission's work you put a lot of emphasis on the implementation stage. I think we devoted a full year to the effort at that time—part of a year at least. It may have been too long, but it certainly is an important element in

**P. VOLCKER:** I think it's obvious that in the past, and now, kind of governmental reform doesn't have a strong interest group behind it and a big lobbying effort, which is fashionable in this town. But this is a difference now from some years ago when we had the Partnership for Public Service and the Council for Excellence in Government. One of them didn't exist 15 years ago—the Council for Excellence I guess did exist, but it was in a much earlier form. Both of those, I think, to make the kind of impact that they—we just didn't have earlier.

**P. LIGHT:** I think it all falls to management abilities.

**Question:** I wanted to ask what you felt were the obstacles to true reform? As you note, there have been many efforts of this reform that are known, but there have been other ones that have been put in—supposedly pay, a senior executive service—and yet you tell me that government is worse, not better than it used to be. So, where are the pressure points? What can move this one forward in a way that prior efforts failed?

**P. VOLCKER:** I'll just give you my reaction. Paul or anyone else can talk.

I have a feeling that after the great enthusiasm—after World War II, and we felt we'd won the war and had something to do both at home and abroad, and reiterated in the Kennedy administration, government may have overreached a bit and did a lot of things. But they did a lot of things that didn't look so good either at home, and the Vietnam War, I think, had a big influence on all these attitudes. You ran into difficulties in the economy for a while, and inflation and all of that stuff, all of which kind of eroded confidence and was echoed and amplified by some of the political discussion.

Now I think if we've got some hope now, it is because of a little different attitude, reinforced by the terrorism threat and all the talk about what's government doing about it and all the money we're going to spend upon it and what expertise we need. You know, the airports, rightly or wrongly, we can't rely upon those private things. We really need some governmental involvement. (Chuckles.) That's really a change in oratory and attitude, that may not be 180 degrees, and maybe it shouldn't go 180 degrees, but I think it's a little different receptivity to the problems of government and the recognition of government now.

I always think—and I am romantic about a lot of these things—I don't know anything about the military or defense, particularly, but every time an emergency comes along, a security emergency, and

you call upon the Army and Navy, everybody kind of gets a feeling that, boy, are we glad that they're there, and somehow they seem to be able to provide the leadership that is required at the time. Now why is that? You talk about bureaucracies; there's no bigger bureaucracy than the Army, the Navy, the Air Force, but they seem, to some degree anyway, to be able to produce leadership over a period of time. They spend a lot of time on training. What a contrast to the civilian—of course, when you're not fighting a war you've got time to go training. But you have there, in a broader sense of the term, a civil service that by and large commands respect, is recognized as necessary, and seems to be able to produce some leadership. That's, I guess, more clearly recognized now than in the depths of the Vietnam War.

**M. ARMACOST:** I think it makes a lot of difference what is the leadership style of the Cabinet-level people. I happened to work at State for a long time, but was particularly close to George Shultz. In many ways, for the Foreign Service, those were the halcyon days because he understood what it takes to run a large, high-talent organization, and it includes career people in the work. So many secretaries come in. I remember going to work first for Bill Rogers, and had, as a White House fellow, occasion to have lunch with him shortly after I arrived. He referred to the State Department as a sieve. It sounded like part of his job was keeping the information about foreign policy emanating from the White House from the Foreign Service. Well, if that's the attitude toward the public service, that's the loyalty you engender. And I don't mean to criticize Bill, but I think that attitude earns a lack of commitment on the part of the career people. George had that talent for getting people engaged, as I think Colin Powell has, and it makes a huge difference.

So you can't—I don't think it's so much a matter of steady decline, it goes up and down. Some of the systemic problem, it's gotten worse.

**JODI ALLEN:** It's true, because the Labor Department, you know, we brought in a really invigorated (inaudible) under the Nixon administration, and some of those people stayed on, probably are still there. But they were the quality.

**P. LIGHT:** You know, I think part of the answer to your question, Jodi, is that people who care about strengthening the public service are loath to say that it's bad, or that we don't have as good a quality of public service today as we did 12 years ago. We don't want to be part of the problem of bashing the public service because we think that will reduce interest in the public service. When you look at the agencies that have been rescued over the last 10 years, what is the fastest ticket to improvement? It's to be a disaster agency. If you have taxpayer abuse at IRS, well then, you can get critical pay authority and you can get all sorts of freedom from the law; not to say GAO is broad-banding. That was a deliberate effort. But you look at IRS or you look at the Transportation Security Administration. We say, gee, we've got to get them maximum authority to hire quickly and do whatever it takes.

I mean, if you have a meltdown in your agency then you're going to get help. But if you don't have a meltdown, if you're just sort of slowly atrophying, nobody is going to step in for you. And your advocates are going to feel uncomfortable saying, good Lord, look at this; this agency is in trouble. So why is the retirement crisis the lever that we're using right now? Well, we can say, look at all these heads that are leaving government. Last week Brian—or two weeks ago, a Government Executive

published a note on the fact that retirements are lower than expected. But the baby boomers aren't going to live forever, no matter how many Grammys we win. Sooner or later we're going to retire from government; I don't know how long it's going to take us. But we look at the retirement crisis now, and we say, okay, well that's our lever de jour, and we can make that the cause of concern and heighten the crisis mentality. But it the quiet crisis—if it was a quiet crisis 12 years ago, and we haven't really done anything to fix the quiet crisis, what is it now?

**P. VOLCKER:** It's a roaring crisis. (Laughter.)

**P. LIGHT:** Yeah, it's a roaring crisis.

**P. VOLCKER:** But all these retirements provide an opportunity.

**P. LIGHT:** They absolutely provide an opportunity for us to say, look at what's about to happen. Tim Clark, the publisher of Government Executive, says, "Crises cannot roar." He doesn't like that kind of language—nor can they be quiet, Roz.

Audience: Did you make that up?

**P. LIGHT:** No, this was—

**ROZ KLEEMAN:** We'll find something new.

**P. LIGHT:** Yeah, I'm the one who said the quiet crisis roars, and it doesn't.

Any other questions here today?

**Question:** Probably, you know, the lay level, the best-known form of government services, is the military—but the Ivy League schools, almost all of them, will not allow ROTC on the campus, and actively dissuade their students from enlisting in programs elsewhere. This would seem to convey an elitist disdain for government service at its most basic level. People come out of the Kennedy School of Government, and I'm sure they feel they're qualified to run the government but not actually work for it. What do you do about that kind of cultural bias toward entry-level government jobs, whether it be ROTC or elsewhere?

**P. LIGHT:** Well, 30 years ago the graduates of the elite public policy schools, like Kennedy and Maxwell and LBJ, they actually almost all went into government when they completed. They went to these schools, they were motivated by public service, and they found their destination in government, many of them at the federal level.

Today, it's roughly a third of Kennedy School students who will end up in government, another third who will go non-profit, and the final third that will go into the private sector where there are a number of jobs now with private firms like Deloitte and PricewaterhouseCoopers, and so forth, doing federal and state and local practice that just pay extraordinary entry-level salaries. I think

they're still motivated by public service, but public service takes place in so many destinations that the elite schools don't necessarily go to government anymore.

But I think that the elite schools still place a fairly high percentage of their undergrads and graduates in government and, you know, that varies with the economic times. During periods like this you get a little bit of a surge. The surge pre- and post-September 11th appears to be more related to economic woes than a blast of patriotic fervor to go into government, although, Max, you may have some data, or John or Ros or somebody here. Judy Labiner, who is doing a piece on the Presidential Management Internship Program, which is a recruitment tool for the elite schools, may have some insights.

Do you want to take on the military question, Judy, or—is that helpful?

**P. VOLCKER:** Actually, I think some of these schools—Princeton, as I recall—still have ROTC, but it's not very popular. Harvard as well.

**BILL MCFEATTERS:** No, it's not. They have to do it at MIT.

**P. VOLCKER:** —It has not been popular—that's for sure—whether or not they have it. I have been disheartened by the lack of intellectual interest in some of our elite schools in government, public administration, public management and public service. It tells me it's something they ought to deal with. At my great alma mater, Princeton, they didn't teach it anymore or pay any attention. They had a school, now they practically don't. I told them one of the reasons I went to Princeton was because my father said that's a good place to go because the president of Princeton was a professor of public administration. They cannot believe that a professor of public administration had the status to become president of Princeton in the current generation. It's no discipline, not that interesting, how did that ever happen?

**M. STIER:** I do want to go back to what Paul said earlier. It's very important. And that is that you do have an opportunity here with September 11th. If you recall, on September 11th, the very first thing that happened, the very first statement out of the White House was Karen Hughes listing a series of federal agencies and what they were doing to deal with that current crisis. What we have found in our polling is that it's not so much a disinterest in government as an ignorance about the opportunities. And that's the very first barrier, that the government simply had not been in the business of recruiting. It's not been doing a bad job; it's not been doing it at all. What we find though is that when you provide information to talented young people, they do become interested.

You asked a specific question about some of the Ivy League schools. I will tell you that we're in the process of putting together a colleges and universities initiative, and in that process, what we literally have is presidents of Harvard, Yale, Stanford, Cornell, plus a number of others, the UC system, all of which have already signed on to this initiative long ago to start rebuilding the connection between the federal government and the college and university community.

This is a multi-tiered problem, as you've heard already. It has to be attacked on a variety of levels. But on this particular level, there's a lot of opportunities and a lot of possibilities.

**P. VOLCKER:** Nobody's mentioned outsourcing. You're the world's leading expert on outsourcing, aren't you?

**P. LIGHT:** Yeah, we're outsourcing like crazy.

**P. VOLCKER:** The jobs in government, when they get interested, are outsourced. Pardon me.

**P. VOLCKER:** Well, it's—sure, it goes under the slogan of privatizing, and I don't think that's all bad. But as an excuse for improving government, it's bad I think.

**P. LIGHT:** It's not done with much forethought. I mean, I think on the issue of entry-level recruitment where you are saying to young people, come in the government for the opportunity, but be aware that within two to three years we might convert your job to private status without any rationale other than the desire to meet an arbitrary target set by OMB. How's that for an advertising slogan? (Chuckles.)

So it's a lack of forethought, I think, in the outsourcing initiative that's underway today and that's been underway for the last—

**P. VOLCKER:** It reflects the salary caps, I'm sure.

**B. LAINGEN:** An effective recruiting process is critical, of course, in any government. Many government departments might—Mike Armacost referred to the way the State Department is improving under Colin Powell. If you want to see good recruiting, check the CIA. They're terribly good at recruiting; look at their material.

One other point about implementation, if you will. I think we all appreciate the congressional interest. It's going to be critical in this down the road, certainly critical in congressional involvement, as well, of the kind we didn't really get. Can we assume that this connection that I see here with Senator Thompson will help insure—I don't know this person listed. Where is she? (Cross talk.)

**HANNAH SISTARE:** As Chairman Volcker noted, he and Paul Light met with Senator Thompson at the end of last spring. Senator Thompson shares Chairman Volcker's vision for improving the public faith in government. Senator Thompson at that time encouraged Mr. Volcker to—

**P. VOLCKER:** Was it last spring that we met?

**H. SISTARE:** Early summer. He encouraged him to take on this task because he feels it's so important, and that he couldn't—he said Paul Volcker had really helped us take advantage of this

opportunity. So when I talked to him about coming to this effort myself he was good enough to send me with his blessing to help this along too, because he feels it's very important.

I think the opportunity is here to really make some progress, but people on the Hill, as the speakers have mentioned, do feel strongly that this is something important to do. September 11th, even the Enron crisis, showed that what people in government do matters. And the public sees that, and the Congress sees that, and the executive branch, so the opportunity is there.

I'm told that the Chinese word for crisis, be it quiet or loud, is composed of two characters: danger and opportunity. So I think we have a little of both here. We'll move forward with that.

**P. VOLCKER:** I suppose they come together with a rather specific way with the SEC, which we've always thought of as one of our classy government agencies. But that's been kind of starved for money and, relatively, prestige, and I think that's going to change.

**P. LIGHT:** The other piece of this is that Hannah knows a lot of people in the administration. Dan Blair, who was at the Senate Governmental Affairs Committee—has he been confirmed yet, or is he

**H. SISTARE:** He reported him out yesterday.

**P. LIGHT:** So he's now on the floor. So Dan Blair may be about to be the deputy director of OPM. I'm told that Kay James talks to you. I'm told that the people at OMB will talk to you, which they will not with me. (Laughter.) They just don't talk to—

**P. VOLCKER:** Maybe they're offended about something. What did you do?

**P. LIGHT:** No, they're offended. I've just been pounding away, so—I think it's a wonderful opportunity. And it's a different group of senators and House members who are engaged in this conversation than have been engaged in the past. It's not—it is in the House a group of members who care very much about their constituents in the Senate. I don't think George Voinovich has enough federal employees in Ohio to fill up OSU stadium. It's not a constituency-driven interest of his. I don't think it's that for Senator Thompson either, or Senator Lieberman.

**H. SISTARE:** Yes, if you look across our Governmental Affairs Committee, we have, as you mentioned, Senator Voinovich, Thompson, Lieberman, Durbin, Akaka—  
[TAPE CHANGE.]

**H. SISTARE** —legislation to address this Presidential Appointee legislation, legislation to try and make some sense out of our government ethics rules that cut down on the hours put into that effort, and more recently Senator's Durbin and Thompson and Akaka put in legislation to enhance bringing people into the federal government and keeping them there once they're there, giving them training opportunities while they're there, make the jobs worthwhile.

**P. LIGHT:** Any last comments?

**Question:** I have a question.

**P. LIGHT:** Yes.

**QUESTION:** My name is Tania Shand and I staff [for] Congressman Waxman and Danny K. Davis on the Civil Service Subcommittee. And what effort is being taken to look at the folks that are currently in civil service, not those that obviously will be retiring, but the training issues for those that are currently there to prepare them for jobs that they can move into also, now that these folks are retiring and we want to bring people in. But there are still folks that are there that could possibly move up in the ranks by being retrained and, you know, moving within the government to fill some of these spots.

**P. LIGHT:** I think it's a big issue for the conversation about the future of the service. You've got all these retirements, which will create a number of slots. And how many of those slots do you fill, how do you advance people, how do you develop career paths? The most common complaint we hear from federal employees is issues of access to training, issues of access to enough employees to do the job, the lack of clearly specified career paths and signposts that will help you advance. So I think that's on the agenda. I think so.

**H. SISTARE:** I think that the legislation I mentioned does focus on that mid-career group to help them develop and move into career paths that they're particularly interested in.

**P. VOLCKER:** Let me just make one, maybe concluding, comment that occurs to me. For all we say about increased interest in this subject now, which I think is true in dramatic kind of events of recent months, this is not the sexiest subject in the world in terms of maintaining public attention. I think one of the encouraging things is the number of organizations that we have working on this problem. But it's going to take a lot of help to keep public attention on the problem in a way that will motivate, I think in the end, Congress and the administration to do something about it. There's a lot of grist for the mill in terms of inefficiencies and problems, but we have to keep at it in terms of somehow making it interesting and real to the public, and therefore to the Congress.

**P. LIGHT:** Good place to stop? Okay, we're adjourned. Thank you for coming.

*END OF EVENT.*