

THE BROOKINGS INSTITUTION
CHALLENGES FACING PRESIDENT OBAMA DURING HIS SECOND
ADMINISTRATION

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P R O C E E D I N G S

MR. HUDAK: Okay. All right, good morning everyone. My name is John Hudak and I'm a Fellow in Governance Studies here at the Brookings Institution. I'd like to welcome you today to the forum on Challenges Facing President Obama During his Second Administration. The forum is hosted by our new initiative on management and leadership and I'd like to thank the S.D. Bechtel, Jr. Foundation for their support for today's event.

We also have set up a Twitter feed for those of you would like to comment via Twitter. We will be using #bileader; that is #bileader if you'd like to join the discussion. And today up here we'll be having a discussion among our esteemed panelists who I'll introduce shortly. And then following the discussion we'll open the panel to a Q and A session and we'd very much like for all of you to participate.

Three weeks ago 130 million Americans went to the polls and voted and everything from local referenda to President of the United States. In the process, they returned to Congress a Republican controlled House, a Democratic controlled Senate and granted President Obama a second term in the White House. For all of the frustration and discontent about gridlock and politics as usual, despite all of the anger about Obamacare and a sluggish recovery, even in the shadow of debt ceilings and fiscal cliffs and other budget related doomsday metaphors, voters, at least in the aggregate, chose the same group of leaders to govern.

For the President, he didn't ride a wave of prosperity and peace back to the White House. He governed during a period of war and relatively high unemployment. The last two years of his first term were marked with extraordinarily combative relationships between the elected branches. The President overcame these challenges by waging a highly effective campaign from messaging to management to organization to

turnout.

Of course, his reward is to be returned to office to deal with many of the same problems and all of the same key players who worked tirelessly to defeat him and his legislative agenda. The ways in which the President responds will determine our nation's path over the next four years.

What kind of leadership challenges will the President face in reshuffling and restaffing his cabinet and his White House? What management strategies will the President use in working with Federal Agencies? Is Congress an immovable force in the policy process or can the President implement new strategies in working with the legislative branch?

Today we'll address some of these questions and more, focusing on the challenges and opportunities the President faces in terms of leadership and management of personnel and public policy. In many ways, this will be a discussion of politics and of policy but in another way this will be a psychological inquiry. Albert Einstein said the definition of insanity is doing the same thing over and over again and expecting different results. And today we have a great panel who will consider whether the decision to return all of the same people to Washington might result in a different outcome.

Our panelists today are Elaine Kamarck, George Voinovich and Philip Wallach. Elaine Kamarck is a lecturer in public policy at the Belfer Center for Science and International Affairs at Harvard's Kennedy School of Government. She's the author of four dozen academic publications including five books. During the 1990s she served in the Clinton White House as Senior Policy Advisor to the Vice-President. She created and managed the National Performance Review or Reinventing Government Program. She writes extensively on 21st century government, the role of Internet in campaigns and government reform and innovation. I'm also pleased to announce that in January, Elaine

will be joining us here at Brookings as Senior Fellow in Governance Studies and Director of the Initiative on Management and Leadership.

George Voinovich has spent a distinguished career in public service. Over a 30 year period he served as Lieutenant Governor of Ohio, the Mayor of Cleveland. He served two terms as Ohio's Governor and finally two terms representing Ohio in the United States Senate. Since retiring from the Senate, although as George told us earlier, retirement is not really the term to use of what the past few years have been like for him, he's been named a Senior Fellow at the Maxine Goodman Levin College of Urban Affairs at Cleveland State University and Ohio visiting Professor at the George Voinovich School of Leadership and Public Affairs at Ohio University. Senator Voinovich also serves on the advisory board for the initiative of management and leadership.

Philip Wallach is a Fellow in Governance Studies here at the Brookings Institution. He holds a PhD in Politics from Princeton University. He researches and writes extensively on regulatory policy and including financial regulation, climate change policy and statutory interpretation.

And I'd like to welcome all of our panelists and begin with a broad question that you can all weigh in on. Many argue that gridlock and the disagreements between the President and Congress over the past two years have come in part because of failures in leadership, both in the White House and on Capitol Hill. Do each of you think that that's an accurate assessment and what can the President do to overcome some of these challenges in his second term?

Elaine?

MS. KAMARCK: Why don't I defer to the Senator first?

SENATOR VOINOVICH: Well, first of all, I'm really pleased to be here

today and I'd like to acknowledge that Elaine and I have known each other a long time. And I was Chairman of the Oversight of Government Management of Fellow Workforce in the District of Columbia. And Joe and I up at the Harvard John F. Kennedy School put together an executive session and I hope you feel good that we passed about 25 pieces of legislation because of the work that we put together over a 12 year period.

MS. KAMARCK: Oh yes, it really helped.

SENATOR VOINOVICH: And Philip, your father worked with me when I was Mayor of the City of Cleveland. So, I have to also let you know where I'm coming from. I am a member of the Committee for a Responsible Federal Budget. I'm also co-Chairman of the Fix the Budget.org in the State of Ohio and have been working tirelessly during the last couple of years to try and create an environment that perhaps we can do something about our debt and these budgets that are not going to be as balanced as far as the eye can see.

Because just like all of you, I'm very concerned about my children and grandchildren. There's no question that we've had gridlock and I won't get into all of the details of that. We had one leader in the Senate who, quite frankly, the last couple of years didn't want to get anything done because he thought it would help the President. The Republican Speaker has a real problem because of some of the people that have come in in terms of the Tea Party group and the President, I think that has a take in the leadership role that he should have played I think during the last couple of years. I think that after the Simpson-Bowles wasn't successful, 11 out of 18 votes, that he should have brought them back in and said look, we've almost got it over the top. Let's sit down and let's keep working on it. And it didn't happen.

And I think that the real issue about gridlock is going to really be based on how he handles this cliff that we're about to see. One of things and I'm not taking a

shot at him but I think he should get off the campaign trail and spend his time at the White House. I think he should tell the American people this is very serious business. I'm going to put my shoulder to the wheel. I'm going to spend as much time as I can with the members of Congress on my side. I'm going to have really get a much better relationship because if he's going to get something done at compromising he's going to have to bring along the Democrats, some of them who may not want to do that.

And he's also got to reach out and build on his relationship with John Boehner. I really think that if this is a fair deal, John would give up his Speakership in order to get this done. I've met with him on several occasions. He really is very, very concerned and I think the President should build upon that.

The other thing is that they should leave their ego at the door and we talk about compromise, folks. I've been through this as a Mayor and as a Governor. I've had some really tough times and I've worked with the other side of the aisle. I don't think we should talk about compromise. I think we should talk about collaboration. I think we should realize that we have a symbiotic relationship and we should get in the room and figure out how we can do something that will convince the financial markets that we're doing something that's meaningful, it's intellectually honest, and also understand that if we're going to get that done, we're going to have to have the votes to get it done.

And that's going to mean all kinds of compromise. For example, raise the rates. Well maybe you raise the rates a little bit. And then you take maybe most of it out of the deductions and there's something in the Post about, limit \$50,000 deduction. Limit that. That affects about 80 percent of the one percent. I mean there's a way of putting this together and also straight out, yeah we're going to do something about Medicare and Medicaid. And basically set a framework. Here's what we're going to do. Do a down payment. Put in an enforcement provision that's Draconian but realistic, not

like the one we've got right now that leads us into a recession. Do a down payment but try to figure it out and come out of there understanding that most people aren't going to be happy.

But the fact is, it's fair, and I think if the American people realize it's fair but it's going to take the President, folks. He's the leader. You can't do it without the Mayor, you can't do it without the Governor, you got to have the President that's going to be in there and spent the time and let everyone know that this -- you know this trail thing, I went through this. I fought President Bush's trillion dollar tax reduction back in 2003. And you know, he got off, came into Ohio, campaigned. It's not the way to do it.

The way to do it is to sit down and work with people and develop good interpersonal relationships. Build a trustful relationship where all we want to do this for our country. This is one of the most important things that we can possibly do. And I will tell you this; if he does this the right way I think you're going to see some wonderful things happen this year and next year. Maybe this year and then he'll get in the campaign mode. And I think that's the challenge. If he does that, I think we're going to see -- we'll see immigration reform. We'll see a lot of other things that need to be done in the administration and I think the American people I think will go (clapping). And the more they do that, the more incentive they'll have to keep going. Thank you.

MS. KAMARCK: I would follow up on this by talking about the last four years for a minute. Yes there was gridlock, there was polarization but I think we sometimes forget there was a reason for that. And the reason was that in 2006 and 2008 the country and the politicians who governed were justified in believing that there was a democratic trend. And that that democratic trend portended a sympathy for certain kinds of policies and certain kind of outcomes.

And then comes 2010 and 2010 seems to throw us right back into an era

of sort of Republican and more conservative dominance. So, if you're a politician in Washington you're saying hmmm, what's going on? And in the period between 2010 and 2012 if you're a Democrat you're thinking to yourself why compromise now? There's a chance that the President's going to get reelected. We're going to hold the Senate or increase our numbers. At one point the euphoria got some big that some Democrats were even talking about taking the House or reducing the margins in the House which only happened by a couple. So, it didn't really happen.

If you're a Republican, you're thinking this whole Obama thing is a fluke. Okay? It was a result of the war and the recession and in 2012 we're going to take the Senate, we're going to win the Presidency. We're going to be back to politics as we've understood it in the last couple of decades which more or less tended to be a time of Republican dominance, Republican Presidents, et cetera. And so, come 2012 and it really settles not so much. Democrats can look at this and say, well there's kind of the glimmerings of a realignment here. There's a very big generation. There's a lot of Hispanics. It looks like there's going to be Democratic strength for the years to come. Republicans should worry about being the party of old white men who will be soon leaving the electorate.

Leaving the electorate is political science work for dying, okay? It's not very graceful but that's the way we talk about it. So, you know and yet the Republicans hold the House fairly comfortably, right? And you've got now a sort of message from the people that's a muddled message. And that message, though, says we have -- there's divided government here and that's because we are unclear about the most extreme proposals of either of your parties.

And so, if you look then and ask yourself the question, can we tell anything from this election? I think we can tell two things which should be moving the

political class towards collaboration. First thing we should look at is that there is a pretty clear mandate for two things and these surprised me. One is immigration reform and one is some kind of taxation on the wealthy. I mean those were in the exit polls. Those numbers are bigger than Obama's numbers meaning that even people, who didn't vote for Obama actually voted, think that these would be a good thing to do.

So, I think that's a pretty clear mandate and that becomes a starting point. Second thing I would say comes from the election is that the Tea Party has diminished in the sort of it had a kind of mythological grip on the Republican Party. You know, the Tea Party caucus and the Republican caucus is 68 members. It's 68 members. It is not that big. And the Tea Party seems in this cycle to have diminished in its impact both in Republican primaries and in the general. So, hopefully this will make it easier for John Boehner to come to the table and lead.

Finally, and so, I think those are the two political changes that we see. There is a substantive change as well which I think is very important and I think that the think tanks around town have been very important in putting this on the table. And that is that we have, it's everybody has now woken up to the fact that tax expenditures are as big as tax rates. And that you can put tax expenditures on the table that in fact over the last couple of decades Congress has been legislating through tax expenditures not through appropriations because nobody wants to spend money. So, they give tax breaks instead.

And so, we have now substantively a whole rich piece of the pie for negotiation, both on the corporate side and on the individual side. And we see this is as Senator mentioned in this morning's paper, we see it in all the conversations which is a conversation about deductions which I think can be a conversation held both on the individual side and on the corporate side. And so, I think that those things, those three

changes give me a little bit of hope that, in fact, the political class will be able to come together in a deal which I see in two stages. One is a deal to avoid the fiscal cliff which is now; most people think is pretty bad for our economy. But the second is a longer term deal with I think is part of our conversation this morning towards a big tax reform package and then some basic governmental reforms that are longer term.

MR. WALLACH: First on this question about the big deal that everyone's so excited about, talking about right now. I think I'm going to go ahead and disagree with the Senator and say there does need to be some compromise and people need to see that they're going to have to give us things that they don't want to give up this time around. Because we've really, we've come to a juncture in our nation's history where the demographics have changed. Our expectations about economic growth have changed. Doesn't sound very exciting but moving from three percent to two percent GDP growth every year means we have to temper some expectations about what we can afford.

And so, to make this big deal work realistically it's going to take both sides understanding that they're not going to get everything they want. And that's going to take leadership on both sides. And I think the President has said a lot of encouraging things along those lines and it will take him standing up to his party and Speaker Boehner standing up to his party and saying, look we are at this moment where we can see we need to really do something big. And it's going to mean accepting a deal that neither of us likes very much in its particulars.

The other thing I wanted to say is beyond the big deals, we've really had in the 112th Congress it's been historically unproductive on little legislation. On the kind of small incremental changes that keep the government working properly. Just a historically low number of statutes have passed the 112th Congress and so, we really have to see some kind of détente between the two sides that allows them to get to the

work of governing by doing more of the incremental stuff. And especially on the two giant statutes that emerged from Obama's first two years in office, the Affordable Care Act and the Dodd-Frank Act. Those statutes have a lot of issues, a lot of problems. They need a lot of attention and a lot of incremental tailoring for them to work properly.

So, we're going to have to get past the talk about repealing those laws wholesale which has been the Republicans way of talking about them and we're going to have to see the President and the Republicans come together and say, we need to make these laws work. We need to make these regulations function and we need to learn from experience as we go along.

So, I think we need to see both on the big side, a coming together and realizing that both sides really have to give things up. And on the small side, realizing that hey we have a country to run, we need to be able to sit down and do the little things that make it work.

MR. HUDAK: So, Elaine, you mentioned that the elected officials right now are essentially addicted to looking at party trends. That they want to identify something that's happening in the electoral system that gives you an idea of what voters are thinking, what types of behaviors you should have and what Sidney Blumenthal and Tom Mann have called the permanent campaign have induced an additional addiction to electoral results and electoral implications. Essentially gripping everything that an elected official does but as Phil pointed out we've seen over the past couple of years when President Obama showed leadership over Dodd-Frank, over Obamacare, he didn't pay the ultimate price. He didn't wasn't put out of office.

Do you think that the negotiations over the fiscal cliff, if they ultimately become successful, if Republicans have to make the tough decisions about taxes and Democrats have to make the tough decisions about entitlements, that might essentially

be a gateway to overcoming this addiction to party trends and electoral thinking? Or if it may just be a one shot deal and then we go back to the next stage and the next battle with the same sorts of motivations?

MS. KAMARCK: I think it's different for the President and for the House. I think for the President clearly results matter. I mean first of all he's not running again. That's pretty convenient but also results matter. So, getting the bill passed, getting it done is worth all the messiness in between. I think the White House made a mistake last time around pulling the President out of budget negotiations because they didn't want him sullied, okay? Which meant that the negotiations failed and I think that ultimately for the President failure is worse than getting yourself in the mess of the negotiations.

I think for the House it's different and that's where I think the intraparty dynamics matter. And that's where I think there's a little hope on the Republican side because I perceive a diminishment in the Tea Party. In the House, you don't necessarily get rewarded for doing the right thing on a big vote. What happens is you get attacked in primary for displeasing some particularly radical piece of your party. And as we say in 2010 that can come out of nowhere, it can be a very small number of votes. We're talking about 50,000 votes can move a congressional primary. An extremely small number of votes, so in the House people tend to worry about their primary constituents and about getting upset in the primaries, what might happen to them in the primaries.

We have gerrymandered our Congressional Districts so well that there are very few people who worry about losing the general election. What they worry about losing is the primaries and that dynamic hurts in the attempts to make compromises. That being said, 2010 was a surprise to a lot of people in the Republican Party. Presumably a lot of these incumbents have a handle on this now. And perhaps are feeling a little bit more secure about their ability to make some or to collaborate as the

Senator said and move ahead and feel that they have a better relationship perhaps with the Tea Party people in their district. They know who they are. They can try to talk to them about the kinds of compromises they might have to make.

So, I think it's a little bit more difficult for the House than it is for the President.

SENATOR VOINOVICH: It's the thing that you're talking about is the issue of getting reelected and I think part of it is to get people to rise above that. And if you look at the malaise that's in this country today, and I ask the question when I give speeches about how many of you in this room have a standard of living and a quality of life better than your parents? Most hands go up. Then you ask how many do you believe the quality of life and standard of living of your children is going to be better than yours? Very few hands go up.

And everywhere I go, the supermarket, you name it, why can't those people down in Washington get their act together and start thinking about us instead of about this partisan politics thing? So, I think you've got to take this to another level if you're supposed to get it. And I'll tell you, if you do things that are fair, when I was Governor I cut the budget four times and I had demonstrations, I had you name it. And then we finally got to the point where I said to the legislators we have got to raise taxes. Okay? And we did raise taxes and got ourselves back on even keel and things got to be better.

But when I ran, I was elected in 1990. I was reelected in '94. I had the highest majority that any person received in the 20th century. And we tried to do the right things. We leveled with the people. They knew we were trying. We don't give the public enough credit. They want us to really do something special. This is a very, very different time than anything that we've experienced in our country's history. John Boehner I think

should understand if he can be part of a solution to this problem, he may go down as the greatest Speaker of the House that we've ever had, you understand me? These are really -- and that's what we've got to get across to these folks. The rise above it, maybe pray to the Holy Spirit to enlighten them, you know?

But the fact is that that is where we're at. The other thing is I think a lot of Republicans look good. I talk to people every day who pay lots of taxes and they tell me, George, I'll pay more taxes. I'm glad to pay more taxes but I want to know that we're going to do something about entitlements. That we're going to cap the spending or come up with some method to get this thing in order. I'm willing to look at prioritizing our expenditures on things. I'm willing to bite the bullet. All I want you to know is, I want it to be fair and I want to know in my heart that this is going to work. And I think the test right now of what we're doing is whether the financial markets look at what comes out of this and says that it's legit. That it's not stopping from going over the cliff but it's not another one of those kick the can down the road.

Now, I've talked to a lot of the guys in the Committee of eight, the gang of eight. They know all the details of this. By the way, this is a little different. We've got about 45 members in the Senate today that say they want to get something done. And they know the details, all the nuances if you do that if you increase this or do that, they're a lot more sophisticated than they were at any other time. Talking to a couple of members they think that they've got a possibility of 70 people if they put the right deal together. They figure 30 are lost. But so, the potential is there and we just got to get them to rise to the occasion and understand this is what the American people want and if you do the right thing you're going to be rewarded. More important than that, you're going to do something special for your country and do what people wanted you to do when they elected.

MR. HUDAK: So, I'm going to shift gears a bit and then I'll have you jump in first, Phil, if that's all right. We've talked a bit about dealing with legislative actors. Dealing with the Speaker, dealing with the Tea Party, dealing with the Senate and that's definitely a challenge the President but over the coming months he's going to have a new challenge and that is dealing with a new Executive Branch. President Obama has had one of the most stable Cabinets in modern history and that's going to change quite a bit in the coming months and over the next year.

And so, what types of challenges do you think the President is going to face dealing with new leaders, not in Congress but within the Cabinet Departments and within Federal agencies?

MR. WALLACH: Well, I think the President has a real choice to make about how to allocate his energy. I think the working through the Executive Branch and around Congress is definitely a route that he can take and has sometimes pursued in his first term quite energetically using executive orders, guidance documents, waivers for various policies to try to advance his agenda and advance policies he thinks are important for the American people without going to Congress.

So, I think as we get a new Treasury Secretary, a new Secretary of State, he's going to have to think about what kinds of actions he wants to go through the Executive Branch for and which ones is more important to be working with Congress on.

MS. KAMARCK: I think that he's got one, the hugest; the biggest challenge facing him is going to be implementing the Healthcare Act. The triggers, the big stuff in healthcare in Obamacare starts to happen in 2014. We already see a whole bunch of States refusing to put together the markets for health insurance that are supposed to be created under the law and saying to the Federal Government, you do it. There is a big question about whether or not the Federal Government has the capacity to

do that. There's a huge capacity problem in implementing Obamacare.

There is, secondly, a bit of a structural problem in the Bill and various -- which has to do with the low level at which the penalties are set for not buying health insurance. And so, various people are looking at this bill and saying, wait a minute. This could result in fewer people insured rather than more people insured because the penalties are very mild. So, the tax penalty you pay if you don't buy health insurance is almost always far less money than the health insurance.

So, you can see some people figuring that out and making that option, particularly healthy young men who are the people who are always out of the health insurance pool anyways. So, that's a big problem and some of it, I think, can be dealt with administratively. But I think there's going to probably be some aspects of Obamacare that may have to go back to the drawing board. At that point, we're going to face yet another opportunity. Can the Congress pass anything, can they collaborate on anything?

We've now had the Supreme Court of the United States ratify Obamacare and through Obama's reelection the people have ratified it. Okay, so, can we now move to a better implementation and to fixing the problems that frankly are in that bill?

I would say the same for Dodd-Frank, okay? There's a lot of implementation problems in that. As he seeks to replace Cabinet officers I would urge him to look for people with managerial experience in complex organizations. And the analogy I'll use is that in the middle of the Clinton administration, the IRS, we had an opportunity to replace the IRS Commissioner. The Commissioner of IRS had been for decades and decades before this had been a tax attorney. Now, the problem with that is that tax attorneys, tax policy is not made by the IRS. Tax policy is made by the Assistant

Secretary for tax.

So, you were placing a tax attorney in charge of what was really a gigantic, perhaps the world's most complex systems operation. And we made a big switch here. We chose actually a computer executive. We chose a retired computer executive because IRS had just mammoth information technology problems. I mean the problems the IRS Commissioner had to face did not involve tax policy per se; they involved the processing of these millions and millions.

So, I would hope that in the second term particularly at HHS and various places, the President will look for people who have really strong management backgrounds because it's going to be a real management nightmare in some of these areas.

MR. HUDAK: Senator Voinovich, following up on this, you've done quite a bit of work looking at bureaucratic capacity and reform and working on innovation within the Executive Branch. And what would you say to those needs as the President proceeds in filling new appointments and if it so happens, the creation of new appointees in the next four years?

SENATOR VOINOVICH: Well, any successful business has good finances and has good people. And I think that again, spending the time to really try to find the right people for the jobs that need to be filled. In most major organizations, the top guy spends a lot of time looking at the key members of his team because he knows or she knows how good they are will have a lot to do with whether they're going to be successful or not.

I think if I were in his shoes, I'd look at his Cabinet today. I know several of them and there's some very good people there. And I tried to convince them to stick around. I was very fortunate as a Mayor and Governor. I had my Cabinet stay with me

longer than any Mayor and any Governor. And it takes people six months, seven months to really get into the groove and find out what's going on. And if he's got some good people there he ought to keep them there.

The other thing is is to -- and it gets me. Is that we always have to bring somebody in from outside. Why not look within the Agencies for leadership that's there? You know? We had a big question about who was going to take over the General Accountability Office. And his first name is Jean and I'm having a senior moment. I can't remember his last name but we plugged for him and he got the job. And it was just terrific for the esprit de corps in the General Accountability Office, he came in after David Wark who kind of a -- you know David Knocksnel da da da de do. Jean came in and the attitude changed and they rejoiced that somebody was there that moved up.

When I was Mayor I was the first person to take somebody, a woman, that was in our law department and make her Law Director. But I think that we should look at some of those things. Not necessarily just say bring him in from the outside. And I think, Elaine, your remarks about the qualifications of the individuals maybe be different than maybe what traditionally would be there.

The other thing is is that when I first came to the Senate, I worked for the General Accountability Office. We have a kind of a standardization of things that members of Congress should look at in terms of the qualifications of individuals that have come before them. And I'm on another panel that we just came back with recommendations on how to streamline the confirmation process. You know five different things you have to -- a man who got to be the Ambassador or Norway, cost him \$250,000 to fill out all the forms that he did. He was a very wealthy guy.

MS. KAMARCK: Needed a lot of lawyers, yes.

SENATOR VOINOVICH: I mean it's just that we found duplication an all

these forms and we're talking about just in having one form and then they can add to it to streamline that. And there's a woman in the White House that she's Acting Head of Personnel. She's terrific. I've worked with her. And I was just saying earlier, I thought she thought that Romney was going to get elected because she was pushing us so hard to see if we couldn't streamline the process.

And now, it's before Congress and we're hoping to get it done by rule rather than by legislation. So, John Berry, for instance, he's Office of Personnel Management. John is just; he's the best that I've seen. He's just terrific. So, I think look around and the other thing is that if there are any customers out there? If you've got people in those Agencies that are doing a bang up job, let the President people know. That woman is doing a super job. You ought to keep them there.

MR. HUDAK: So, we've covered finances. We've covered personnel and another aspect of what's important in the Executive Branch is organization and structure. And during his first term President Obama asked for a reorganization authority for the Department of Commerce, for the Department of Agriculture. And in his effort to essentially fix what's broken, Congress is known as the broken branch but in a lot of ways Federal Agencies are broken in parts and need mending.

What opportunities do the three of you see for Executive Branch reorganization and in the next four years, how might it be effective and where might the President get the authority?

MS. KAMARCK: Well, I'd start Department by Department. I mean I'll give you my top three, okay? State and Defense. There is a mismatch between the capacity of those two that is greater than at any time in American history. And the State Department, part of this a legacy of, thank you Senator Helms of starving the State Department but that has consequences in capacity.

And so, what we have is essentially a foreign policy implemented around the world and even sometimes an aid policy implemented by the American military. Something's wrong with this picture. Okay? So, I think that one of the first things that has to happen is a hard look at the relative capacity emissions of State and Defense.

Second thing I would do is look at the Department of Commerce. Most of the people discussing the fiscal cliff and growth, et cetera, say that our growth is going to come from exports, that we've got to turn ourselves into an export drive economy. Well, we have this thing over at the Department of Commerce called the Foreign Service and commercial orders. That should be the Department of Commerce. I don't know what else is going on in the Department of Commerce but I'm telling you one thing, get rid of all of them and make them part of the Foreign Service. Because those are the people out there allegedly, I don't know how well they're doing it, allegedly looking for American export opportunities. And so, I would really take the Commerce Department and refocus it on building our export capacity.

And the third thing I would do is take another look at DHS, Department of Homeland Security. It's going to be ten years old this March. It should have been, I testified before the Senate back when Senator Voinovich was there, it should have been a border patrol agency. That's what most of its money and its function is. That's where the dysfunction was in the historical separation between customs and INS.

So, that's what it should have been. Instead it got thrown in 22 different agencies. It got thrown in in Intelligence, function that makes no sense because it doesn't do any intelligence origination itself. It's sort of a mish mosh. I actually think all things considered it's done a fairly good job. But I would look at that Department again and perhaps clarify its mission. Take FEMA out of it. Take some of the cyber stuff out of it and put it in a place that makes better sense. And really focus that Agency on the

protection of our borders.

And I think those are three organizational tasks. Each of them are mammoth by the way. I'm sure there are more, right? I'm sure there's many for every entity but I think that the -- let me add a fourth. I would look for obsolescence in the Federal Government. I mean, there is no reason -- look I'm a Democrat. I'm a progressive. I'm center from the center left. The Government doesn't have -- we don't have to protect every darn thing the Government invented, right? Sometimes things the Government does can die.

Here at Brookings many years ago, I think in the '70s somebody wrote a paper called "Can you kill a Government Agency?" And the first line was no. Do you know wrote it?

MR. HUDAK: Herb Kaufman.

MS. KAMARCK: Herb Kaufman, right. I knew it was some famous scholar. And the answer simply was no. You can't kill them. Well given the budget constraints, et cetera, it probably is time for us to take a very critical look and say what's obsolete here? And what should we perhaps be doing without? Because if we don't start doing that, we don't have any room for new stuff that we, perhaps, should be doing.

SENATOR VOINOVICH: When I came to the Senate we had the Government results performance, GPRA. There was nothing in that report that dealt with human capital, nothing. About what's the quality of the people we have? Who do the people that we need? What about succession planning and that? And because of this thing we did at Harvard and some other things we have achieved human capital officers. We've raised the issue of human capital in all of the departments and have tried to get some outstanding people in that area. So, I think that's something that needs to be paid attention to.

In addition to that, performance evaluation. Now we have it in a Senior Executive service. A lot of you are not aware of this but I spent five years working with Gordon England to have performance evaluation, pay for performance in the Defense Department. We did 240,000 people. Took us five years to do it. And unfortunately the President came in because he was pressured by the unions and they got rid of it. So, you got about 40 percent of those people right now whose pay is frozen. They're the best people. You know that's a problem. Somebody has got to look at, where are we going with those folks?

The other thing that we haven't done and I wanted to do it, I did it when I was Governor and that was total quality management. Today it's called Lean Six Sigma. Most businesses that are successful today have gone that route. Unfortunately we just haven't been able to do it in Government. And I think that some of those departments are ripe for Lean Six Sigma. And basically that is going to the people who are in the departments to ask them how they think they can their job better. And that also involves talking to their external customers.

They're dealing with these agencies. What's the problem? And then, working with the customers and the agencies to come back with ways that you can improve the situation and then get into continuous improvement teams. When I left the Governor's office we had 1200 facilitators, 2500 continuous improvement teams. We had 56,000 people.

I went to school with my Union Presidents. Total quality of management. There's some basic management stuff that's done in successful businesses that we ought to look at and try to see if we can't get that into some of these agencies. And the problem, I'll tell you what happens is, and I lobbied. I was President of the National League of Cities and I was Chairman of the National Governors Association. Only

person in the country to have both those jobs, but the thing that really disturbed me lobbying that place for 18 years, nobody paid attention to the aid team.

Everybody came in. Had their new ideas. We're going to do this. We're going to do that. All of these people, I'm working there for all these years they know something. They know, you know? And we never talked to them. And I think that the initiative in that area I think would pay very large dividends for this administration and for our country.

MR. HUDAK: You're good? So, this has been a great discussion. I'd like to open it up now for some questions. I'm sure there will be several of them.

If you could just say your name, the organization you're with and ask a brief question so that we can get to ask many of you as possible.

MR. SCARLIS: Hello. I'm Basil Scarlis. I used to be dealing with economic policy at the Department of State for years. My question relates to something Senator Voinovich raised. He said the President shouldn't be campaigning he should be negotiating and we need to be honest with the American people. Well, wouldn't a certain amount of honesty help if we could raise the level of debate. For example, shouldn't the President go on National TV with a bunch of charts and explain for years we've had revenues equal to 18 and a half percent of GDP. They've fallen to 14 or 15 percent of GDP for a variety of reasons including the financial crisis and the Bush tax cuts. Meanwhile, we have spending at 22 percent of GDP. Perhaps we may want to increase that or decrease it.

But if we want to maintain entitlements the way they are, we have to make adjustments either in revenues or spending. And he could also deal with public investment. Public investment has fallen to half of what it was in the 1950s. And that debate doesn't seem to arise in this country very frequently. Would that be an

appropriate way to start changing the debate and level with the American people?

MR. HUDAK: Senator?

SENATOR VOINOVICH: Well, Brookings just did a study of the leadership qualities that weren't there in doing the debt commission. And the first thing you start off with is facts. Facts. Let's agree on the facts and I think your point is very, very well taken.

I think what was it, Perrot, Ross Perrot I think was the chart guy, wasn't he? But --

MR. SCARLIS: John Kennedy was too.

SENATOR VOINOVICH: But the point is that would be good, and say get everybody to agree these are the facts. Now the people that are on the Committee, the gang of eight, they know what they are and a lot of other people do. But I'm not sure the American people really understand that we're taking in such little revenue and we're spending so high and that we've got to get this thing balanced.

But I think that would be really constructive and also get an agreement. These are the facts. What's the baseline? That's the other thing. What's the baseline we're dealing with? Which baseline are you using in all of these negotiations? So, I think that is extremely important. It's a very, very good suggestion.

MR. HUDAK: Phil?

MR. WALLACH: I think there's reasons to think it would work, too, because our colleague in Economic Studies here at Brookings, Alice Rivlin, has been going around conducting fiscal town halls around America. And she says when citizens who come to these town halls, they're not super wonky people or anything. When they learn about the facts, they move closer together. It really does make a difference to get everyone to be thinking through these issues and not just posturing all the time.

SENATOR VOINOVICH: When I was Governor the first thing we did was the legislature had their people and we had our people. We got in a room and said, let's agree on the numbers. We went from there.

MR. HUDAK: So, my one concern on that point and I'll disagree a little bit with what was said was that as someone who lived a swing state for the past several months, Virginia, I'm pretty sure Americans are tired of hearing from the President and from politicians. And I think that as a long term solution the President taking to the air waves and laying out the facts and using charts and figures might be an effective one, but I think right now a lot of people in Ohio and a lot of people Florida and fellow Virginians, that's the last thing that they want to see.

And so, and given the clock ticking for the fiscal cliff, I'm not sure that that would necessarily be an effective solution for this issue but certainly for the ones that are coming down the road. It's something that's been widely underutilized by many of the past several Presidents, the current one included. And I'd be surprised if he took that path but I think it would be a good one in the long term.

SENATOR VOINOVICH: What is he did it with Boehner? No, I mean in other words if they could do it on a bipartisan basis and say these are the facts that --

MS. KAMARCK: That would be a great idea.

SENATOR VOINOVICH: That we agree on. And the other thing is where this would work out is that one of the members of the Committee that I talk with, the gang of eight; he said that we need a framework of things that must be done immediately in the next Congress. And we're talking about specific instructions to Committees to set various goals for them. And like Medicare, Medicaid, here's what the goals are. We're going to leave it to the Committee and then once they're done that they can fast track it.

But in that process of doing what you're talking about, to really get into the Medicare situation, what are the real facts in Medicare? By the way, what are the real facts in Social Security? One group says there's no problem. I think there's a big problem in Social Security. I'll ask how many of you young people in this room think you're going to get Social Security? Can I see the hands? One. Okay.

That's the same thing I go everywhere. My kids do not believe they are going to get Social Security. They don't. And so, that's out there. So, in other words to get the facts and say here are the facts and then we go from there.

MR. HUDAK: Right over here. Gentleman in red. And again, to keep your questions as brief as possible.

MR. GLUCK: Thank you. My name is Peter Gluck. I'd be interested to know from the panel what they think, whether they think changes should be made in the filibuster in the Senate and if so, what those changes should be? Thank you.

SENATOR VOINOVICH: Well, I'm on the no labels group. That's one of the things that we're talking, no budget, no pay. I mean it sounds simple. But I got to tell you, with that passed that would be an inducement to get -- 30 years we've only done it four times I think in terms of appropriations and budget. But in a filibuster rule, for sure we should change the rule in terms of the filibustering the motion to proceed on that bill. That's ridiculous.

In other words, you can filibuster the motion to proceed on a bill. It's not even on the floor yet but you can filibuster it. And so, that starts with that. So, you for sure eliminate that. And then, I think you need to look at setting up some rules in terms of filibuster. And maybe requiring people to come down there like Mr. Smith you're going to have to do it. You can't just call, like I call and I get a hold on a bill. But make him come down there and do what has to be done.

The other thing is and this is a secret that you don't know about. And the reason why we've had more filibusters is that Harry Reid fills the tree. Now, when a bill comes to the floor of the Senate there's room for amendments but it's like a tree and you can have limbs on it. And Harry, for some reason, fills the tree which means there are no amendments. Now, the reason why he doesn't want the amendments in many instances is because Republicans will bring up amendments that his people don't want to vote on, okay?

That's the way it is. So, what happens is because we can't get in amendments we filibuster. And then McConnell goes to Harry and says, look. We'll stop the filibuster but I want five amendments. Then, of course, if he gives -- I'll never forget the small business bill we had at the -- (inaudible) remember that? It was really a good bill and my people in Ohio wanted it and my party guy said, don't do it. But I talked to Harry. Harry says, well, if I give them five, my guys want five. And where are we going to go from there?

And I said sometimes got to vote on bad amendments. Take a bad vote or whatever it is. So, any of the -- the deal I cut with them was look, I will give you the vote for closure but can only ask for one amendment and McConnell have only one amendment. And that's what happened. So, the thing is more of that's got to be done for people to talk to each other and get some agreements about how many amendments. That the amendments ought to be relevant to the bill and not just messaging amendments. I got to tell you something. We spent more time in the Senate on nothing. The most inefficient use of my time in my life and honest to goodness I mean I am so lucky I had a Chairmanship of subcommittee, one for 12 years, the other. I was able to get some stuff done in those committees.

But I got to tell you so much of the stuff there; I don't know who they think

they're talking to. This is amazing to me. Who's listening? It would be a 30 second commercial, you know?

MR. HUDAK: Well, there's a woman on the aisle toward the back.

MS. WALTERS: Hi, I'm Anne Walters with the German Press Agency. I was hoping you could talk a little bit about to what extent you think the election results have changed the prospects for immigration reform and what challenges still remain on that front?

MS. KAMARCK: I think they've change enormously. First of all, as I mentioned earlier the exit polls have a large number, if I'm remembering correctly, it's like 65 percent are in favor of immigration reform. That's more than Obama's vote. So, that's a big number.

And I think secondly, is the Republican Party realizes that it has made a very mistake in putting itself on the wrong of the fastest growing demographic in the United States which is the Latino population. It's in their long term interest to take this issue of immigration reform and get it off the table and have people forget about it so that they can then renew their appeal. They can then make their appeals to the Latino population on other issues perhaps some of the more social conservative issues, some of the family issues where they might be more successful with that population.

So, I think between those two factors it really has increased the possibility. You know, it's funny about the Latino vote because my colleague here Bill Galston and I have been writing about Democratic politics for a long, long time. And you know, for years we were having to tell people of the myth of the Latino vote. And the reason was that they were there but they were five years old. They were in kindergarten. Yup, they're there but they're in fifth grade. Yup, they're there but they're just getting their drivers' licenses.

Well, finally, this time they can vote. And this wave which you can see coming is a very large wave and it is now old enough to impact our politics. And I think that's going to have a big change. The other thing that's happened is that the Latino population has moved for many years it was in California and Texas. And that was it. So, in California it didn't matter. California was all Democrats. Texas didn't matter; it was going to be a Republican State. Now, that population is really every place. I mean the movement into the suburbs, into Midwestern States is very big and that also is changing the politics of this. So, I would expect to see some movement.

One final thing on this, as you can see I've been spending a lot of time thinking about this. One final thing is that the last time we had an immigration reform fight which was 2006, 2007 the clear message that came across from the argument both in the political class and in the public was you needed to secure the borders. And you needed to do something about enforcement. Well, somewhat to the dismay of the Latino community this Secretary Janet Napolitano has been really, really tough on enforcement. She has been catching illegal immigrants who are criminals. She had been deporting them. Those numbers are way up on every measure.

So, I think that and this has caused by the way the Safe Communities Program and various programs that they've done at DHS has caused a lot of angst, agita as my Italian grandmother would say, in among the Hispanic community. The positive side of this, though, is that the precondition, right? The feeling that the government can, in fact, have somewhat of a control over the borders I think is in a different place than it was whenever it was seven years ago when we last tried this.

And so, I think that all of those things together look very promising for immigration reform.

SENATOR VOINOVICH: I agree with you. I think that first of all, I think

that immigration policy is important not to just respond to the Hispanic vote but it's important for America, okay? I think it's really important. And I know my grandmother, grandfather came over from Yugoslavia and it's important to our future, okay? And that's what we should be talking about. I mean, yeah, reach out to the -- but that's important.

And you could back to Bush, he really pushed this and he got killed and it almost because the third rail. And it was interesting, one of the things that's changed America are these cable TVs like Fox News and MSNBC. I mean every night on Fox they were just beating the heck out of immigration. Immigration's bad and everything. Finally, a guy named Hannity said well maybe we better look at this.

So, I think there's a better environment for this to happen. I think this is one of those that maybe they ought to get on right away because it looks like there's a real opportunity here to really make it happen. Cause there's a meeting of the minds. But this is explosive. Saxby Chambliss from Georgia, he was a real champion of immigration reform and he ran for reelection and in Georgia you got to have over 50 percent. He didn't get over 50 percent of the vote. If it hadn't been for the immigration thing he would have got over 50 percent.

So, he had to go back and campaign and get his 50 percent. So, it was a hot item then. I think it's a lot less today.

The other thing is the border. You know we all talked about all the illegal immigrants coming over here. It's typical of Congress. We never spent any money to secure the border. We never did. And nobody, you want to talk about facts? Somebody ought to -- and I talked to Napolitano about this. I said, get on television. Let people know here's what we were spending when you guys got in there and here's what we're spending now. It's an enormous sum of money. It's unbelievable. And let the American people know we're doing one great job but it's costing a hell of a lot of money.

But it's taking place. And also, this administration kept it quiet but they did more to enforce the law than the Bush Administration.

MS. KAMARCK: Oh yeah. The deportations of criminal illegal aliens are way up in the Obama years over the Bush years. And I think that was a conscious decision on the Obama Administration's part in order to set the groundwork to get themselves immigration reform.

And as I said, along the way a lot of their Latino supporters were not so happy about this because they were afraid of it going too far. But I think it will bear fruit. I think it was the right thing to do and I think it'll bear fruit for them.

MR. WALLACH: Just two little points to add. I think there's a long of agreement of high skilled immigration and on the DREAM Act kind of reforms. I think both parties really see some things to do there that the American people are really overwhelmingly behind. It's crazy to have people come and study at our universities and get their PhDs and then say, thank you very much. You can't stay here. And it's crazy that if an immigrant, if somebody comes as an undocumented immigrant when they're four years old that they can't become an American citizen.

So, we have some common ground to work off on those issues.

MR. HUDAK: All right, gentleman on the end? Or right here?

MR. GOODEN: My name is Joe Gooden and I think my own viewpoint is there's too much emphasis on the question of in the short run balancing the budget when the real problem is the lack of jobs and the lack of economic growth in this country. If we could get the jobs unemployment rate down significantly and get economic growth going fast, a large part of the budget problem would be solved. And I think there's not enough attention to it and I haven't heard much discussion of it here and I'd like you to just address the issues, particularly in terms of how government can be organized better to

produce economic growth and to get jobs down.

MR. WALLACH: Well, this is what's interesting about the polarization and gridlock that we're having right now. There are Republicans in Congress who have defeated jobs bills but then you have Governors and Mayors who are screaming for it, who want it. Republican Governors and Republican Mayors who really see the benefits of this and I know Senator Voinovich has worked on this issue in particular on jobs legislation. Would you like to weigh in?

SENATOR VOINOVICH: Yeah, well, I was the ranking member on the Environment and Transportation Committee to reauthorize the Surface Transportation Act. And I was around when ISTEA got passed and it was a good idea because what we did is we allocated funds for a five year period. So, States could plan and look down the road and they knew the money was coming in and so forth but in the last four or five years what we've done is we've just extended it for two years.

Now when the last reauthorization passed in 2005 it was inadequate then. In terms of just maintaining what needed to be done, it was inadequate then. And of course, inflation has worked and so it's inadequate. So, all we're doing right now folks, in that area, is we're maintaining on a two year basis what we allocated back in 2005. And it's not there. The infrastructure that confront America today are enormous, just drive around this country a little bit and you'll know exactly what I'm talking about.

And what we need to do is we need to reauthorize that Service Transportation Act for five years. That will do more; I mean that, you know, you want to talk about a job creator? For every billion dollars that you spend on highways, that's 47,000 jobs. And I may be patting myself on the back but I got about 70 groups, the operating engineers, the laborers, the truckers, the manufacturers, all of them together. The Big 7, Nowacka or the Commissioners Groups and National League of Cities and all

of them agreed to do this. And we took this to the President. We begged him.

I said Reagan increased the gas tax in 1982, okay? He said he wouldn't do it. He also come up with the Emergency Jobs Bill that sent \$12 million to my city when I was really in bad shape. But he went ahead and did it. I said we can't really get the job done unless we increase the gas tax. Yes, we have to look down the road about and by the way I'm all for finding more and using less. But the fact is that's the reality of it.

And it didn't happen. We keep talking about some, this idea that he's got about the -- I don't know what it is. It's some --

MS. KAMARCK: National Infrastructure Bank.

SENATOR VOINOVICH: Infrastructure Bank and everything else but the simplest way to do this would be to go ahead and, by the way, the Debt Commission, you know the Bowles-Simpson came back with an increase recommended 15 cent increase in the gas tax. And part of it was for debt reduction.

Now, I've told you about where we are in spending. When I left the Senate it was \$35 billion that came out of the general fund. You know what it is today? \$55 billion that we're borrowing from the general fund to pay for highways. It should be a user tax. Face up to it. Let's go with it. And that in itself, I'm telling you would be -- the unemployment today across the country in this area is just mindboggling. Cities, AASHTO, the group that represents -- they can't plan ahead. Two years and we don't know what the money is. The contractors don't know what it is. The people that provide the vehicles don't know what it is.

We are in a very uncertain area and if they really want to get something done about job creation they ought to reauthorize that for five years. Bite the bullet and tell the American people we're going to use part of it for deficit reduction and the other

part of it we're going to do start doing something about the gridlock we've got in this country. And by the way, it's a three four okay? It's good for the environment. It's good for, what else is it good for? It's good for jobs. And there's one other.

MS. KAMARCK: Good for the deficit. I would just say very simply to jobs, I'd say infrastructure no matter how you get it done and exports. And we are not using the Government to develop our export markets. If you're a huge multinational, yeah you got plenty of capacity to do that. If you're a medium sized company you just look at this export world and you say, oh my God, I can't negotiate that, okay?

So, I would say infrastructure and exports are two great places to start for job creation and neither one has been as front and center as it should have been.

MR. HUDAK: Over on the side now. The gentleman on the aisle.

MR. ODY: Hi, my name is Anthony Ody. I'm a consultant with the World Bank. We've been focusing so far on domestic issues and natural enough early in the second time. Does anyone on the panel see scope for a major international initiative by the President perhaps a little bit down the line? No shortage of major problems and very difficult problems out there, whether it's global climate change, world trade, Mideast, a legacy issue?

MS. KAMARCK: Well, that's sort of a tough question. I mean I think the biggest international problem right now is the European Union and whether or not the European Union is going to drag us back down into recession. So, I think that's their first and foremost priority just because of our close economic ties. I think in sort of the classic foreign policy sense there's a growing sense that the Administration ignored the Middle East too long and that it can't actually have as much of a hands-off attitude as it has had. So, perhaps we'll see some reengaged there.

But this was a domestic policy election. And I suspect that by and large

the second term will be a domestic policy second term. Although, as we know from our studies second term Presidents often spend a lot more time in foreign policy than domestic policy just because they can build legacies there. They can get things done there. They don't have to spend as much time negotiating with Congress. And so, I wouldn't be at all surprised if the President turns towards some big foreign policy initiatives in his second term perhaps out of frustration.

Mr. WALLACH: And as Elaine mentioned earlier, exports are going to be a driving force of economic growth and most people agree on that. I think the President has had some difficulty in forging trade agreements so far. I think what you might see is more informal international market exploration on behalf of the Administration trying to open up barriers in non-traditional ways to get our goods to market elsewhere as a means of opening relations or smoothing relations in places where they may be rocky but also dealing with the biggest domestic problem we have right now, the economy. So --

SENATOR VOINOVICH: I'd like to just comment on that. I think in the Middle East, I've been to Israel about nine or ten times. And there's a book that's written by David Aaron Miller called "The Much Too Promised Land." And he does a really good job of laying out the conditions where we've made progress over the years under various administrations.

But I really believe that it's time for us, before it's too late, to really get involved and try to figure out how we can do something that makes sense. And it's going to be very difficult because as you know I think it was 1701 we signed, we ended the Lebanese War and they haven't kept three-quarters of them. So, if you're an Israeli and say, make a deal. They don't break the deal. The other is that they've -- Hamas has agreed that they want to wipe them out. So, there's some things that need to be done and we had a chance I think about four years ago. And we kind of missed it.

So, that's one area that needs to be looked at. The other is that even though I was very much involved in this whole issue of capping trade, one issue that I think that we could -- and I talked to what's his name Ban Ki-moon about this, about two years ago because he was pushing me to support the Cabinetry legislation. Is that one of the greatest contributors to greenhouse gases in the world is coal. And we're not going to burn any more coal in the United States even though we've got 250 years of coal that's available to us. And those coal facilities that we're backing away from them will drive up our energy costs. But we're doing that.

But the Chinese and the Indians and everybody else are burning coal like crazy. And it seems to me that we ought to have an International DARPA that would be good for a public diplomacy also, reaching out. The United States provides the leadership to talk about, let's get the best and brightest people in the world to figure out how we can burn coal clean. Now, that would do more to reduce greenhouse gas emissions than possibly anything else that we can do.

In addition to that, if we came up with it it would mean that this 250 years of coal that we've got available to us is still available to us. And we've got to start to be practical about what we can do and what makes a big difference instead of trying to figure out some organizational thing that takes five years and let's get at it.

MR. HUDAK: Okay, next. The gentleman in the gray suit on the end, he's had his hand up for a while. Your name and organization?

MR. COURTNEY: Yes. Bill Courtney. I'm with Computer Sciences Corporation. For many years, there's been discussion about the performance gap between government and the private sector. Reinventing government made a significant in that direction, a successful push. There hasn't been a push since then. In recent years the private sector has made astounding productivity increases through modern

information technology, shifting to as a service business model, you know buying computing services for example, modernizing business systems, delayering of organizations. Is your impression that the Federal Government is improving its performance to the extent that it's beginning to close some of the performance gap with the private sector? Or is in fact perhaps widening the gap?

MS. KAMARCK: That's a hard question. I haven't been in Washington. I haven't been looking at this carefully. I mean I can tell you that in the 1990s there was a significant distance but that one of the things we did in reinventing government, which both the Bush and the Obama Administration have continued, was the use of information technology in the government.

My sense that that is better. My sense is that the horrendous cost overruns of say fixing the IRS legacy systems that we encountered in the '80s and '90s where there would be like billions of dollars wasted on computer systems that didn't work, I think we've gotten past that stage. And we're into a new stage of better computing. I think the Bush Administration, particularly, pre-9/11 made a big push on electronic government. And the Obama Administration is really doing some very, very interesting things with electronic government with cloud computing, with trying to use government data in a sort of open way.

So, I think a lot of the - I feel the Federal Government is doing a fairly good job of catching up with the private sector when it comes to just computer, usage of computer and productivity. I think the more profound differences have to do with the actual structure of the Federal Government and with the legal constraints on action with the Federal Government.

And so, a lot of the discussion, I know last time I was in town I was at the IBM Center for the Business of Government. And a lot of the discussions there has to do

with how do you untangle the legal and bureaucratic back office so to speak? That in a way that allows you to have an interface with the citizen, okay? A computer and an electronic interface with the citizen that you can do, you can interact with government on more than one level. And that I think is not a technical problem. That is actually a legal problem. And it's one that I don't see anybody really addressing and I haven't really seen anybody addressing that since the '90s.

SENATOR VOINOVICH: I'd say it's probably uneven. There's some areas that we're doing super and we're not doing in some other areas. I know when I became Governor I really got into this and everybody wanted -- told me to hire a consultant. And I said you know what we're going to do? We're going to get all of the folks from the various departments together in a room and start talking about what they're doing. And we found out there was some stars. And we started to, you know how that goes. You go back and forth and what did you do? And is there an opportunity where we can get these computers to talk to other computers? And started to work on that.

And probably if you wanted to redo something in this area, I'd bring them all in. Say, who's doing what? I know one area that's really changed and that's our supply chain in the Defense Department because when I got involved with this, this is part of my oversight of government management. At the beginning of the Iraq War we were buying things that we were selling as surplus, okay? These kind of special telescopes on -- we didn't have them. So, in Ohio parents and groups were buying them so their son could have these telescopes on their rifles.

Move up seven years, I'm in Iraq and I met with the two guys that were in charge of moving the stuff out of Iraq. It was unbelievable. They knew where everything was. They knew what stuff of capable of going back to the United States, what stuff they were going to send to Afghanistan, what stuff they were going to leave in Iraq. In other

words, they really knew what they had and got with Wal-Mart, a bunch of other people to start using technology to help them get the job done. But that was one area where somebody went to town and we saw great results.

MR. HUDAK: All right, next the woman over here.

MS. QUEK: Thanks. I'm Tracy Quek from the Singapore Straits Times Newspaper. Elaine, you talked a little bit about the Tea Party just now. And I just wanted to ask you why do you think that the Tea Party Movement did not quite come out and force the election? Do you think we'll see a resurgence especially when the Healthcare Bill comes into play in 2014? And do you think it will have a big impact on governance the way it did in 2010? Thanks.

MS. KAMARCK: You know that's a very good question. My first answer is I'm not really sure but you know the way --I've watched political parties for a long time and been in them. And the Tea Party Movement was not separate from the Republican Party. It was a factional action within the Republican Party. I think they surprised some mainstream Republicans who'd perhaps gotten away from the core Republican concern with fiscal probity. And I think they really yanked the Party back to that concern perhaps in a way that's almost too much emphasis.

My sense was that in 2012 the Republican Party in general had accommodated itself to the needs of the Tea Party Activists and that that's why you didn't see -- we had a couple but not too many totally surprise nominees. And to the extent that we did, there were two instances where the Tea Party Candidates once again cost them Senate seats. So, if you look at 2010 and 2012, the Republican Party's lost five Senate seats because they have nominated people who were basically Tea Party Activists and not able to win a general election. Two of those in 2012 were quite extraordinary.

I mean if you told me that Claire McCaskill would hold on to her seat, I

would have said no way. But she did so I think that between the Republican Party sort of being more attune to what that piece of their base is about and to the full understanding of what happens to them electorally when they are not watching for that part of the base, I think that they're going to be better able to deal with the Tea Party and that we will not see it in its resurgence in the way that we say it in 2010.

MR. WALLACH: I think part of the answer to that is that the reason we didn't see them perform that well in 2012 was because they performed well in 2010. They won their seats. A Tea Party member can't get elected from every Congressional District or every State. They max themselves out or close to it or they've overmaxed themselves in the sense in Delaware and in --

MS. KAMARCK: The Senate seats, yeah.

MR. WALLACH: -- in other Senate seats as well. And so, they're less a movement. They're less something that is ingrained in sort of the American psyche that they're a constituent, a specific constituent based outreach and they've reached out to those constituents very effectively in 2010. And very few of them were defeated in 2012, Joe Walsh and the gentleman in Florida, Congressman West, but generally they held on to their seats because as Elaine said earlier they're gerrymandered well. So, they're going to win those seats. They're not going to win much else.

And I don't there will be much of a recession or a resurgence in them because they are what they are and they're there. So --

SENATOR VOINOVICH: I think that, Elaine, you made a good point is that anybody's that thoughtful would say Delaware, Nevada, Colorado, Indiana, Missouri; if things had been different the Republican Party would be controlling the Senate. And a lot of people have awakened to that fact.

The problem, I think, with the Republican Party today is that the Party's

not doing a good enough job of recruiting people to run for these offices. I call them common sense Republicans, okay? Common sense Republicans and a lot of people that call 'em, you know, I used to be kind of conservative and now I'm a moderate. And things change. Pete Domenici, a lot of us feel that way. But the fact of the matter is that that's where we're falling down. And a lot of common sense conservative Republicans, frankly, don't get involved in primaries. They just kind of let it go by the Boards and what they've got to do is decide let's get involved.

And you got to do things like I love Dick Lugar. But Dick shouldn't have run again. I mean he was -- I got out cause I knew that if I got reelected another term I'd be 80 years old. I mean there comes a time when you decide when you want to -- and I feel good because I had Rob Portman. I said he's a good guy. He's smart. He's smarter than I am and he's going to be a good Senator. And the point is that there's a lot more that I think that needs to be done. And I know it works because I was Chairman of Republican Governors in 1993 and '93 and '94 were my years.

We had 17 Republican Governors. In '94 we had 32 Republican Governors and we did it because we went out and really tried to find candidates that we saw if there was going to be a primary, if we could talk somebody else out of not running in the primary so you didn't spend all that money in the primary. You know, like, did you ever think a guy named George Pataki would get elected Governor of New York?

I mean that the point is that the parties, both of them think they've got -- in my party the common sense people have to realize they're going to have get out and get more involved or we're going to end up with more of these folks. And by the way, the thing that's interesting, I think this guy Cruz that got elected and they say he's a Tea Party guy, I think he's going to be a great Senator. He's a brilliant guy. I think he's going to be a good one. The woman that they said was Tea Party in Nebraska, she's pretty

solid.

So, a lot of these folks have been dubbed, and I think let's give them a shot. I think that you may be surprised in a couple that they say are Tea Party people.

MR. HUDAK: Well, that's all the time that we have. I'd like to join me in thanking Senator Voinovich, and Elaine and Phil for their time.

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CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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