

GOVERNMENT REINVENTION

Timeline of Events

1960s

- The rise of “Cooperative Federalism.”
- President Johnson promoted the “Creative Federalism” theme throughout his administration, stressing returning power and money to local and state governments.
- Sixteen of the 17 reorganization plans that President Johnson submitted to Congress in 1965-68 went into effect. The plans included abolishing 53 offices in the Bureau of Customs.
- Privatization of the Federal National Mortgage Association in 1967. The first major privatization effort.
- In 1968, President Nixon called for a “New Federalism” in which power, funds and responsibility would be given back to the states.
- In 1969, President Nixon proposed a revenue-sharing plan. In addition, he proposed budget cuts and consolidation of 70 programs into block grants to the states for education, urban development, manpower training and law enforcement.
- Deregulation of the banking, trucking, rail and airline industries.¹
- Programming Planning Budgeting System (PPBS) was introduced by the Department of Defense.²
- “Management by Objectives” (MBO) emerges and remains popular throughout the 1970s.³

1970s

- Revenue sharing was enacted in 1972.
- In 1973, Nixon proposed to replace categorical grant programs with broadly defined revenue sharing plans for education, manpower training, law enforcement and urban development.
- Nixon’s “New Federalism” met substantial resistance from Congress in 1973.
- Four basic themes dominated the Carter administration: managerialism, greater access and improved intergovernmental procedures, fiscal prudence, and new partnerships.
- The Carter Administration submitted 11 reorganization plans to Congress to streamline the federal government. All but one, a plan to create a Department of Natural Resources, went into effect. The largest of the plans was revamping the civil service system.
- Reform of the federal regulatory system.⁴

1980s

- “Total Quality Management” (TQM) introduced.⁵
- In response to privatization successes achieved by Margaret Thatcher in Great Britain, the Reagan Administration made privatization a key component of its efforts to reform government and cut the deficit in the mid-1980s.

- The General Services Administration downsized from nearly 35,000 employees in 1980 to 21,000 in 1988 through competitive contracting of services to more efficient private-sector providers.

1990s

- Continuing call for reform from late 1980's--TQM, downsizing.
- An increasing public distrust in the ability of the federal government to do things right.
- In 1992, David Osborne and Ted Gaebler described in their best seller, “Reinventing Government,” extensive public sector management change in other countries, as well as within U.S. state and local governments.⁶
- Shortly after President Clinton took office in 1993, he announced his initiative to “reinvent” the federal government to make it work better and cost less.
- President Clinton assigns Vice President Gore to lead the federal government’s reform efforts under the auspices of an interagency task force, the National Performance Review (NPR).
- The NPR task force issued a set of recommendations in 1993 and again in 1995. The vision was “create a government that works better and costs less” based on the four principles of: putting customers first, cutting red tape, empowering employees, and cutting back to basics.
- NPR’s most controversial recommendation was to cut overhead positions (252,000) in the government in half.
- The Government Performance and Results Act of 1993 (GPRA), often called “The Results Act” was enacted. This Act requires federal agencies to develop strategic plans, performance measures, annual performance plans, and performance reporting.
- Agencies created more than 300 reinvention labs--units within agencies that are piloting innovations and are granted waivers from their own agency’s internal rules.
- At the beginning of Clinton’s second Administration, he issued the “Blair House Papers” to the Cabinet Secretaries and asked them to set clear, uplifting goals and to measure the results they seek.⁷
- Vice President Gore announced a series of initiatives that will continue to reinvent and improve the federal government. Performance-based organizations were discussed as a second-term priority.⁸
- According to a 1997 national poll conducted by the Council For Excellence in Government, most Americans believe that better leadership and management are critical to effectiveness and also favor more responsibility for state and local government. Additionally, the poll found substantial majorities favoring performance-based government salaries, more partnerships between government and the nongovernment sectors, and better government use of technology.⁹

Trends

For most of American history, dual federalism existed, which is a distinct separation of responsibility between national government and the states. During that time period the federal government focused exclusively on matters that were national in scope, but over time, it began to

gradually take on responsibilities previously performed by the states. Starting in the 1960s cooperative federalism came about introducing more partnerships between the states and the federal government. Since that time, cooperative federalism has had several offsprings, such as “Creative Federalism,” “New Federalism,” and most recently, “Reinventing Government.”

Throughout history there have been many efforts at reform; both structural and performance oriented. Some of the paradigms of government reform that are being considered today, such as privatization, reductions in the size of government, and devolution are not new, but common items on the national reform agenda. And, although these models for public management were not very popular in the past, for whatever reasons (e.g., congressional support), they are carefully being evaluated today to assist in reinventing government. Just as in the past, reforming government is very much on the current agenda and is likely to be on the agenda in the future. As the United States approaches the 21st century, just what are the appropriate models for change?

Paradigms for Public Management in the 21st Century

Performance-Based Organizations (PBOs):

Background

- Vice President Al Gore announced in 1996 that a group of agencies would be transformed into performance-based, customer-oriented agencies.
- A Performance-based organization (PBOs) is a discrete management unit with strong incentives to manage for results. It commits to accountability for results by having clear objectives; specific measurable goals; customer service standards; and targets for improved performance. A PBO can be granted managerial flexibilities to achieve these goals in areas such as personnel, procurement, budgeting, and real property.
- The PBO concept was inspired by the “Next Steps” initiative that reportedly improved performance and reduced costs in British agencies after it was introduced in the late 1980s.
- PBOs, like the Next Steps initiative, seek to separate service delivery functions (the agency’s role) from policy functions (the department’s role).
- Not all government functions may be suited to become Performance-based organizations. Agency functions have to have clear, measurable results. For example, agencies that develop regulatory policy may not be appropriate candidates. However, government functions such as processing patent applications, issuing benefits, and making guaranteed housing loans could possibly be suitable applicants.
- The Office of Management and Budget (OMB) determines whether an agency function will fit into the PBO concept. The following criteria is used in identifying candidates for PBO conversion: 1) Does the organization have a clear mission and provide a service that is measurable; 2) Does the organization have the capacity to measure progress toward meeting its mission and objectives; and 3) Is there a clear line of accountability to an agency head and does he or she support the transformation of the unit to a PBO?¹⁰

Initiatives

“Next Steps,” The United Kingdom’s Central Government Management Reform

- The British government began the Next Steps initiative in February of 1988.
- Next Steps was initiated in response to the government’s desire to have the public sector provide services through market or market-like arrangements, managed by persons with the resources and authority to provide the services for which they are accountable. Additionally, the reform was undertaken to streamline the central government that was encumbered by high operating costs and a massive workforce.
- The British government moved reform management from the Treasury to a Next Steps Team working within the cabinet-level Office of Public Service.
- Instead of a head-on through top-to-bottom restructuring, departments’ service delivery functions were broken into discrete management units, becoming performance-based, unifunctional agencies. The remaining departments became responsible for policy formulation; establishing a policy and resource framework with the newly detached agencies; and holding agency managers accountable for service delivery.
- The criteria used in the selection of Next Steps agencies were: does the function need to be performed; if necessary, should the function be privatized or financed publicly; if the function should be public, can the work be contracted out; if the government should provide and finance the function, should it be entrusted to an executive agency that has the independence and capacity to operate effectively?
- Next Steps agencies have become the British government’s primary source of service delivery. About 75 percent of all British civil servants are employed in one of the 130 Next Steps agencies or in agencies that operate along Next Steps lines.
- The PBO approach allowed British agencies to reduce their operating costs an average of approximately 5 percent a year over the past 8 years, while continuing to maintain or improve services to the public. In some cases, performance has improved substantially.

Lessons Learned

- Based on the experiences of the British government, PBOs could have trouble both in defining their relationships with parent agencies and departments and determining who is accountable for performance.
- There seems to be lack of clarity in relationships between departments, difficulty in developing and setting performance goals, and uncertainties about who is accountable for performance.
- The General Accounting Office (GAO) suggests in its assessment of the Next Steps initiative, that Congress consider these difficult and continuing implementation issues as it evaluates the PBO concept.
- PBOs appear to have the potential to make government agencies more efficient if agencies find ways to provide steady income streams to support the PBO, establish a clear relationship between the PBO and its parent agency and departments, and determine who is accountable for ensuring the PBO reaches its performance goals.¹¹

Privatization:

Background

- The GPRA of 1993 and the Clinger-Cohen Act of 1996, have given the government impetus to privatize as a way to improve their operations.
- The Office of Management and Budget (OMB) has revised Circular A-76 that requires the government to seek the most cost-effective method of obtaining commercial products and services and provides agencies the flexibility to decide whether to retain services in-house or to contract them out.
- Privatization is the process of changing all or part of an entity from public control to private concern.
- There are various techniques used to privatize services: Divestiture - a tangible asset or an operating enterprise such as a telephone company is sold to a group of private investors; Public-Private Partnerships - private investors and businesses, in cooperation with the government, build or operate major infrastructure projects such as airports, highways, and prisons; Vouchers - applies primarily to social welfare programs to purchase goods or services provided by the private sector; and Contracting Out - a process by which basic services, both for and by the government, are provided by private companies operating under contract to the government. This technique is most applicable to the federal government.
- Privatization can be used to improve service and control costs. According to General Accounting Office reports, the savings realized through privatization average in excess of 25 percent.
- Privatizing government functions can remove federal agencies from activities that are not inherently governmental, improve management of remaining activities, reduce the costs of doing business and shift more performance and financial risk to the private sector. However, agencies need to continually review their privatization efforts to make sure they are benefiting from the arrangements and are protecting the interests of the public.
- The United States trail behind most countries in privatizing government programs and assets.
- Former President Ronald Reagan created the first Office of Privatization within the Office of Management and Budget. Additionally, he appointed an independent Commission on Privatization to study and recommend opportunities regarding privatization efforts in the federal government.
- Based on recommendations from the Commission on Privatization, the Clinton Administration signed into law four major privatization efforts: the Naval Petroleum Reserve at Elk Hills, the Alaska Power Administration, the national helium program, and the U.S. Enrichment Corporation.
- In Europe and Latin America, divestiture has been the predominant privatization technique. This form of privatization has turned inefficient, money-losing state enterprises into competitive, profit-making, taxpaying businesses that provide quality goods and services to consumers. Additionally, divestitures have provided billions of dollars in revenues to their governments, which have been used to pay off public debt, reduce government borrowing, decrease taxes, or fund other programs.

- In 1996, the Department of Defense reported to Congress that competitive contracting resulted in an annual savings of \$1.5 billion and that more than 600,000 civilian and uniformed positions could be subject to competitive contracting in the near future.¹²

Initiatives

Federal Government Privatization Efforts - The United States Investigations Services Inc. (USIS)

- Until 1996, the United States Investigations Services Inc. (USIS) was the Office of Federal Investigations in the Office of Personnel Management. Now it is an employee-owned firm (owned by former federal civil servants) that has become the largest private investigations company in North America.
- Each one of USIS' employee-stockholders hold one or more shares in the company. These shares are the basis for the company's primary pension plan and equity stake.
- The USIS conducts background investigations on current and prospective government employees. USIS is also permitted to conduct investigations for non-federal clients, an option that by law was not available to the former OPM investigations unit.
- Although employee-owned enterprises have operated in the U.S. for more than a century, USIS is the first ever to involve a former federal agency.
- In 1995, shortly after the NPR asked agencies to consider privatization alternatives, OPM began exploring the possibility of an employee stock ownership arrangement.
- Initially OPM hired a president/CEO and two other key executives to form USIS Inc. In August 1996, USIS offered employment to all OPM investigators and support staff at their government salaries and with comparable benefits.
- USIS is governed by a nine member board of directors. Three of these board members which includes the CEO is nominated by employees. The board's role is very limited. The CEO along with immediate staff is responsible for running USIS.
- Under the contract USIS has with OPM, federal agencies receive investigations services through contracts with OPM. Original contracts stipulated that OPM pay USIS in advance of scheduled work through April, 1998. However, termination of the advance-payment clause occurred 13 months ahead of its scheduled expiration. OPM agreed upon the advanced payment plan to help the start-up company raise working capital.
- OPM continues to oversee USIS, but soon will no longer have a payment obligation to the company. However, OPM has established detailed contractual safeguards to insure accountability. These safeguards includes standards regarding quality, quantity and timeliness.
- Due to this initiative, the government will save \$1.2 million dollars by 1998. USIS is doing 40 percent more work with 10 percent fewer employees. The turnaround time has also been reduced by three days.

Lessons Learned

- Privatizing certain government functions can save the government money if services are chosen carefully.

- The financial risks involved with taking on a government function should shift gradually. The private sector may not always be able to support the entire risk of a privatization initiative, and may need initial help from the federal government. Therefore, taking added risk during the early stages of a privatization effort can help the private company adjust to the new responsibilities without becoming overburdened.
- Opposition is usually among groups that benefit from the status quo and view any change as putting them at risk.
- Privatization initiatives that usually succeed are ones that are open to compromise and accommodate the concerns of existing and potential opponents. Typical accommodations is providing at least a measure of employment security for former federal employees.
- Ensure that the private company has the capacity to take on the responsibility with high quality. For privatization to be successful, there has to be a seamless, transparent transition for former federal customers.¹³

State and Local Governments Privatization Efforts

- Certain governors implemented aggressive privatization programs in the 1990s to cut down costs and improve services. New York, New Jersey, Virginia, Georgia, and California all have ambitious plans to privatize services and assets.
- Some of the cities that have implemented ambitious privatization programs are Indianapolis, Charlotte, and Milwaukee.
- Massachusetts implemented one of the most aggressive state privatization program, privatizing functions of more than 20 government services, until the state legislature enacted anti-privatization laws and closed down the program.
- Georgia enacted a law to reform the state's civil services and to reduce the operating funds for state agencies.
- Virginia reduced the size of the state's work force and established an independent state council to foster privatization efforts.
- Arizona's Governor ordered that each of his eight main agencies come up with 2-4 pilot competition projects. To support his effort, a pro-privatization bill was passed which emphasized public-private competition. Although some agency privatization projects are already underway, an extensive training program for managers and employees designed to teach competitive contracting was set up. One of their privatization efforts is a five-year, \$4 million contract to handle all mail operations for the state's largest agency. The contract will help the department avoid a 15 percent increase in mailing costs due to new postal regulations.
- California Governor Pete Wilson developed an ambitious plan for the elimination and consolidation of several state programs, the sale of hundreds of millions of dollars in surplus state assets, and an end to the legislative barriers to contracting out. Governor Wilson feels that the state government should focus on a few core functions: public safety, education, welfare, and public infrastructure. The state has already saved \$200 million in revenues through the sale of surplus buildings and real estate. Although California has some of the most restrictive anticompetition laws in the country, key legislation was recently passed to ease restrictions on local public-private partnerships.

- New York State privatization efforts have focused on asset sales. The most noticeable privatization was the \$28 million long-term franchise agreement for operating the state-owned Long Island Railroad Freight Division. Additionally, New York State has contracted out prison health services (\$2.3 million in annual savings) and servicing of economic-development and housing loan portfolios (\$3 million in annual savings).¹⁴

Lessons Learned

- Privatizing can be difficult and time-consuming because of political obstacles that confront government officials who propose privatizing a government function.
- Opponents of privatization typically are the existing workforce, unions that represent various government workers, current federal management, businesses that supply the programs or utilize their services, local communities in which the programs operate, and the elected officials who represent those communities.
- Privatization requires effective use of legislative vehicles. One legislative tool that can be used is combining privatization efforts with more important proposals, since such proposals may never pass if offered by themselves.
- Privatization efforts that are supported by political leaders have the highest probability of success. According to a GAO study, that studied one local and five state government efforts to privatize certain functions, the political officials built internal and external support for privatization; sustained momentum for their privatization initiatives; and adjusted implementation strategies when barriers to privatization arose.
- GAO stated in a report released in March 1997, that governments need to establish an organization and analytical structure to implement the privatization effort. Five of the six governments that GAO studied established government-wide commissions to identify privatization opportunities and to set policies to guide privatization initiatives.
- GAO studied privatization efforts in Georgia, Massachusetts, Michigan, New York, Virginia and Indianapolis. Based on the study, these actions enhanced privatization and sent a signal to managers and employees that political leaders were serious about implementing privatization. In addition, GAO found that: reliable and complete cost data on government activities are needed to assess the overall performance of activities targeted for privatization; governments need to develop strategies to help their work forces make the transition to a private sector environment; and governments need to enhance their oversight of privatized services to ensure the company meets the terms of the privatization agreement and to protect the interests of the government.
- Governments may need to enact legislative changes or reduce resources available to agencies to encourage greater use of privatization, GAO suggested.¹⁵

Privatization Efforts Abroad

- The United States continues to fall behind the privatization accomplishments of a number of other countries.
- Britain, New Zealand, Argentina, and Mexico are some of the countries leading in privatization programs. Many of the industries privatized in these countries have always been part of the private sector in the United States.

- Japan, Mexico, and Great Britain are implementing privatization efforts for their government passenger rail systems, while both Sweden and the Netherlands have privatized postal functions.
- In 3 years, Argentina privatized almost all of its state-owned enterprises. Privatization allowed the government to reduce what had become an unmanageable level of public debt.
- The United Kingdom fully or partially privatized the following industries: oil, automobile, steel, airline, airport authorities, trucking, shipping, telecommunications, water, electricity, and public housing industries.
- New Zealand fully or partially privatized the following industries: forestry, oil, steel, printing, airline, shipping, rail, telecommunications, financial services, and insurance.
- Between 1982-1992, the Mexican government closed, merged, or sold 1,008 out of 1,155 public enterprises.

Lessons Learned

- Successful privatization requires dedicated leadership. Elected officials that consider privatization a priority must be willing to fight despite numerous opponents, obstacles, and delays.
- Successful privatization programs are ones that are open to compromise and accommodate the concerns of existing and potential opponents.
- Privatization can be successful if policy makers are patient and persistent. Privatizing a government function may take many years to accomplish, but perseverance ultimately can lead to success.
- Consider having a consistent management process. The responsibility for all divestitures should be assigned to a single agency.
- The U.S. should consider assigning the lead role in all divestiture preparations and management to a central financial agency, such as the Treasury Department.
- The U.S. needs to determine how best to evaluate a proposal to sell, who should manage the valuation and sale processes, how to estimate future proceeds, how the sale should be structured, and how the proceeds should be treated in the budget.¹⁶

Views of Think Tanks

Several public policy think tanks were researched to obtain their views regarding the proper role of the federal government in the 21st century.

The Heritage Foundation

The Heritage Foundation analysts have reviewed every major program within the federal government, and found that any significant government reform agenda must include eliminating those programs and departments that are no longer useful or whose activities are more properly performed at the state or local level or by the private sector. The Clinton Administration's proposal of "reinventing government" focuses on improving government performance, but does not change fundamentally the way government works or its size. Additionally, Clinton's budget plan does not propose top-to-bottom reorganizations undertaken by major U.S. corporations facing continuous financial problems. According to management expert Peter Drucker, a

fundamental reform of the federal government is going to take more than just improving its performance, but rather a complete overhaul of the entire structure of the federal government. He writes, “every agency, every policy, every program, every activity, should be asked the following questions: what is your mission; is it still the right mission; is it still worth doing; and if we were not doing this, would we go into it now?”¹⁷

Most Americans feel that government is not only too expensive, but does a poor job of carrying out its core functions while doing many activities it should not do. If Congress and the President are serious about ending the era of big government and balancing America’s budget, they will need to think differently about how government programs are organized and run. In particular, balancing the budget will require limiting the size and scope of federal activity. Dozens of reports issued by the General Accounting Office document systemic flaws in most government programs. These problems include: severe financial mismanagement, lack of management accountability, widespread program duplication and fragmentation, poor stewardship of government assets, and obsolete programs which should have been discontinued years ago. The Heritage Foundation has developed a plan that meets the dual requirements of a balanced budget and the demand for real reform of the federal government. Some of the recommendations incorporated into the Heritage Plan for government reform include:

Restructuring, Closing, and Consolidating Federal Agencies and Programs

There are several reasons federal government programs should be eliminated: they have become obsolete; they have achieved the results for which they were created; or they cannot provide solid evidence that they are achieving the results for which they were created in the first place. For decades the federal government has been performing services that are considered improper federal activities; redundant both across and within agencies; and obsolete because of the passage of time and changes in the economy.

The Heritage plan suggests that policy makers employ these simple tools: terminate obsolete programs and consolidate or streamline duplicative ones; introduce efficiency-improving mechanisms into government services through various privatization techniques; and rely on the good judgment of state and local officials to manage services in a manner that better suits the needs of their citizens.

Transferring Functions to the States

Over the past two centuries, the federal government has changed dramatically, growing in size, costs, number of employees, number of agencies, and departments. For much of American history, dual federalism existed---a distinct division of responsibility between the federal government and the states. During that period the federal government focused exclusively on issues that were national in scope, but over time, it began to gradually take on responsibilities that were previously performed by the states. And, in most cases, there has been no improvement in performance, but rather a decline in the quality of service. State and local governments can play an important role in delivering services currently provided by the federal government, and they can perform them far more efficiently and effectively than the federal government can.

Based on the Heritage Plan, Congress should examine every program to determine whether it is inherently national in scope; strengthen programs that are the core functions of a national government; transfer functions that are not proper federal activities to the states or to the private sector; and eliminate outdated and wasteful programs.

Transferring Functions to the Private Sector

Federal workers continue to do work that can and should be done by private contractors. Privatizing certain government functions can improve the quality of services dramatically while lowering the overall cost to the taxpayer. According to the Heritage Plan, federal government will have to be more willing to rely on efficient private-sector providers to deliver services that are no longer considered appropriate government functions. Other governments, such as China, Chile, Japan, Mexico, and Britain have all turned to privatization as a way to improve the delivery of government services at a lower cost. For example, China uses private companies to build and operate its utilities, Britain has privatized its rail system, and the Netherlands is in the process of privatizing its postal service. State and local governments also use the private sector far more extensively than the federal government does.

The federal budget should separate clearly those activities that should be carried out by the government and those that should be the responsibility of the private sector. Additionally, it should identify those areas that have a public purpose, but the activity still should be performed by the private sector, either directly or contracted out.¹⁸

The Reason Foundation

Vice President Gore stated in the National Performance Review that “governments have begun to contract competitively and public managers have begun to ask what their customers want. This trend will not be reversed.” According to studies conducted by the Reason Foundation, this national trend will not be reversed, because monopolies do not serve taxpayers very well. In this country, state and local governments are eliminating the historic model of government-as-monopolistic-service-provider and are embracing a competitive approach. Competition is a key way to dramatically improve government efficiency.¹⁹

The Reason Foundation has been researching privatization nationwide for approximately 17 years. It has conducted research on the subject for many U.S. agencies, including the National Performance Review and the President’s Commission on Privatization. As a part of its research program, the Reason Foundation has established the Privatization Center, which provides case studies and analyses regarding how to streamline government.

In 1995, the President of the Reason Foundation gave a testimony regarding federal privatization to the U.S. Senate Budget Committee. In his testimony he stated that most government enterprises are not run efficiently and are usually not profitable. Mainly, because over the years these government enterprises have been over burdened by regulations that keep them from operating as true businesses. Other countries have found that it is less complicated to make these enterprises efficient and profitable by privatizing rather than trying to reform them within the government. Currently, over 100 countries are participating in privatization. Socialist

governments, labor governments, populist governments, and ex-communist governments are all privatizing state-owned enterprises such as telecoms, electric power, railroads, airports, postal service, and water supply. There is a growing agreement that government should focus its limited resources on core, inherently governmental functions. Based on the ideology of Britain's Next Steps Initiative, policy-making and regulation should be separate from actual service delivery. Privatization practitioners from other governments all recognize that there are numerous economic benefits derived from replacing political management with true business management.

Based on the Reason Foundation testimony, a serious federal privatization agenda can produce several financial benefits: continuous savings from the elimination of annual operating costs; tax revenue produced by private enterprises; and significant annual savings in interest costs, if the proceeds from asset sales are used to reduce the national debt. Some general principles for privatization were identified in this testimony to the Senate: privatization is a major worldwide trend; privatization is key to modernization and competitiveness; it is politically and economically wise to have worker/management ownership in privatization efforts; include provisions for customer share-ownership in privatization; and have a level playing field---apply same regulatory and tax treatment to private-owned and government-owned.

One final suggestion stated in the testimony by the Reason Foundation that might prove useful in the case of privatization is appointing a Privatization Commission. This bipartisan commission could be charged with identifying, every year until a balanced budget is reached, a list of enterprises to be privatized. This annual list of proposals could then be voted on as a package, without amendment, in an up-or-down vote.²⁰

Pacific Research Institute

The Pacific Research Institute and the Reason Foundation sponsored a public policy debate regarding the "Future of Government" in July of 1996. The debate was between William Eggers and John O'Leary, authors of "Revolution at the Roots" and Ted Gaebler, author of "Reinventing Government." Although they all feel that government must be reformed, they disagree on the best method to achieve it. Following are some highlights from that debate:

Ted Gaebler

- Make government dramatically smaller, more efficient, and closer to the people it is intended to serve.
- There are good people working in antiquated government systems.
- Reinventing government is the broadest and most comprehensive and inclusive term for governmental change at all levels.
- There are four groups of reinventors: 1) those who focus on reinventing politics; 2) those who focus on reinventing structure; 3) those who focus on reinventing systems; and 4) those who focus on reinventing citizenship.
- "Reinventing is not just raising taxes to cover costs; it is not privatization; it is not the wholesale cutting of government programs based on some ideology; it is not downsizing of government employees; and it is not running government like a business corporation."

- Four out of 5 approaches to changing government have failed: calling in private-sector expertise; calling in the “Do-Gooders”---foundations, academics; studying government; and having politicians run as outsiders.
- “Enterprising Government” is a good approach. There should not be a distinction between the public and private sector.
- The only way to successfully change government is to empower public employees at all levels. Let them be involved in the process of change.

William D. Eggers

- Before determining how to reinvent government, the question needs to be asked, “should government be doing this in the first place?” Reinventing government ignores the question of what government should do, and focuses, instead, on how government should operate.
- The questions that need to be asked of a democracy are: what should government do, at what level of government and how can government be more efficient?
- The growth and centralization of government has contributed to its inefficiency. Therefore, government needs to get smaller, better, and closer to home.
- Government has increased so dramatically over the years and has become involved in activities that are far removed from its central functions. Government needs to return to its core functions.
- Government officials strive for useless efficiency. For example, the NPR focused primarily on how government operates, not what it does. After reviewing the entire federal government and its costs, the NPR only recommended eliminating three insignificant programs.
- “Never improve that which should be eliminated.”
- There are fundamental questions to be asked of every federal government activity. Should we be doing this at all? Would the private sector be supplying this service if government was not involved? Does this government program displace community functions or community involvement?
- The idea of “enterprising government” suggested by Ted Gaebler, causes government to move away from its core functions. Government should not and cannot involve itself in virtually every activity. Because it cannot be just as efficient as the best in the private sector.
- Government is over regulated.

John O’Leary

- The enterprising government approach discussed in “Reinventing Government,” encourages government to extend themselves into areas formerly done by the private sector. Public officials should be creative, but only when it is related to the core areas of government. Productivity can be increased by shifting resources from the public sector to the private sector.
- There are some problems that cannot be solved by government. Traditionally, Americans have dealt with social problems through private mediating institutions like families,

churches and communities. The growth of government has weakened these private efforts.

- “Government is incapable of supplying love.”
- We need to carefully consider what is essential and what is not needed in government.²¹

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