American Government 3.0: Wither Governance?

by Terry F. Buss

Before the election of Barack Obama and the global financial crisis that soon followed, many pundits, scholars, and practitioners believed that “the era of big government was over.” Government was becoming smaller, more nimble, and less hierarchical. It was oriented toward efficient and effective service provision, market-based approaches, performance management, and evidence-based policy. It increasingly employed outsourcing, partnerships, collaboration, deregulation, and citizen engagement. It relied more on IT solutions such as e-government and knowledge management. In short, we were witnessing an evolution into American Governance 2.0.

Now, a year and a half later, it appears they were wrong. America may already be witnessing the emergence of American Governance 3.0. What follows is a recitation of some major governance issues in play today—framed as questions—that support this notion of Governance 3.0.

Redefining Congressional and Executive Power

The legislative and executive branches continually wrestle for power, with Congress more often on the losing side.

Balance of Power

President Obama began his first year in office by articulating a comprehensive domestic and international agenda, but then entrusted it to a gridlocked Congress to enact. At first, the president remained above the resulting fray. As a consequence, climate change, energy, and economic recovery policies stagnated. But with the passage of the monumental healthcare reform legislation, Obama
restored. Will Congress once again provide the necessary balance between the executive and judicial branches?

What Is Governance?
A system of values, laws, policies, processes, and institutions through which society articulates and aggregates competing interests; reaches compromise and consensus; manages resources; exercises power and authority; and resolves conflict to promote fairness, human rights, and growth and development for the public good.

Restoring Good Governance
Numerous critics have observed that the legislative branch may be broken. Congress enjoys only a 14 percent approval rating among the American people. It has retreated into partisan caucuses, rejected compromise and consensus building, and provided little oversight or policy innovations.

Congress has seemed unable to reform itself; it passes weak ethics rules and exempts itself from laws it enacts. It continues to support earmarking and remains the handmaiden of campaign contributors and interest groups.

Many observers, while applauding the enactment of healthcare reform, decry the process used: lack of transparency or bipartisanship, embarrassing horse trading, logrolling, misinformation, and even hate politics, all wrapped in parliamentary gimmickry.

How can good governance be restored to Congress?

Congressional Oversight
The executive branch also is behaving differently. President Obama has added a new dimension: the proliferation of “czars” across the government to carry out his ambitious agenda. He has appointed numerous high-level political appointees responsible to him, without the advice and consent of the Senate. The czars act outside the purview of congressional oversight committees.

How will the implementation of czars affect congressional oversight and the management of federal agencies?

Performance Management
Performance management has been at the top of the agenda for most administrations.

Continuity
The Bush administration launched a program of ambitious management reforms (the President’s Management Agenda) to promote efficiency and effectiveness. The system tied together evidence-based program results, management, strategy, and design in an effort to support budgetary decision making.

Obama has left much of it in place, but appears to be moving it away from individual program performance to more of an agency priority focus.

The administration has not tampered with Bush’s human strategic capital management systems, with the possible exception of the repeal of personnel flexibilities in managing the civilian defense workforce. And the administration has only slightly refocused citizen-engagement initiatives.

Has the propensity for new administrations to reject past reform efforts and then impose their own ideas ended?

Objectivity
Evidence-based policy may have become an early casualty in this new era. The politicization of climate change research and questions about the validity of congressional budget office legislative scoring of bills seem to have cast a pall on policy research.

How can the objectivity of policy research be restored? Or was it ever objective?

Sourcing
The Bush administration tried to impose market-discipline and competition by outsourcing public services not considered “inherently governmental.” Obama has called for agencies to greatly reduce their reliance on outsourcing and proposed to bring a number of functions back into government, such as the bank-administered Student Loan Program.

Obama has also begun to reform, expand, and invest in the federal procurement workforce.

Is the Obama administration going to reduce outsourcing? Or is it making a philosophical statement? Is the administration going to use procurement as a policy tool?

Competition
Even as it seems to be deemphasizing government competition with the private sector, the Obama administration launched its educational reform initiative, Race for the Top, requiring states to compete for federal funding to improve their schools’ performance. Obama also increased funding for the Millennium Challenge Corporation, a competition-driven foreign aid program that supplants much of the U.S. Agency for International Development’s programs.

Is competition to achieve efficiency and effectiveness declining or increasing as a policy tool under the Obama administration?

Protecting Citizens, Businesses, and Markets from Themselves
The Obama administration’s $770 billion economic stimulus package subsidized state and local governments,
funded social programs, and offered business tax incentives. Using the Bush administration’s $700 billion stimulus package and other initiatives, it bailed out financial institutions, private-sector companies that securitize home mortgages, automobile manufacturers, auto dealers (Cash for Clunkers), and home mortgage holders—all in an effort to stave off recession and promote Obama’s domestic policy agenda.

Bailouts

The Obama administration is heavily managing the economy, regulating risky or bad behavior, spreading costs of failure to others, and subsidizing behavior it wants to encourage.

Is the Obama administration going to redouble command and control of the economy and political system? Or will it return to market-based approaches of the past?

For most policy initiatives, the administration has yet to publicize its exit strategies for extracting government from the private sector, causing many to wonder whether it really intends to do so.

Were the lessons learned about failed planned or centralized economies around the world forgotten? Or are they now inappropriate in today’s global economy? If so, why? Additionally, in bailing out state and local governments, has the administration begun to rework previous notions of federalism or is this just temporary?

Reregulation

Under the Bush administration, some functions of government—not just for the financial sector—were deregulated by weakening enforcement policy or underfunding regulators. Under the Obama administration, reregulation appears to be on the upswing. Little notice has been placed on increased funding across the board for major regulatory agencies, including the Occupational and Health Safety Administration, the Environmental Protection Agency, and the Food and Drug Administration.

From a governance perspective, how will reregulation affect industries once deregulated? How will reregulation affect economic recovery and American competitiveness?

Global Regulatory Perspective

The international community is pressuring the Obama administration to participate in international regulatory policy, conventions, and treaties (regulating the global finance system and committing the United States to carbon emission reduction targets). Thus far, the administration has not moved in these directions.

From a governance perspective, how would regulation change if the U.S. relinquishes national sovereignty, particularly for the financial sector?

Beginnings of the Hundred Years War

Implications of transforming government are staggering. Extremism, zero-sum games, winner-take-all, and take-no-prisoners attitudes have created a virtual civil war in the public square. The byproducts of this are incivility, lack of compromise, lack of consensus, political instability, and gridlock. From a governance perspective, was there ever a golden age of civility and compromise? Or has this discord always been the case?

There are some encouraging signs. The Obama administration was able to get some bipartisan support for its new jobs bill, and the administration tried to reach out to the opposition on nuclear power and offshore drilling for gas and oil. Does this mean opposing sides will be willing to compromise?

Burgeoning Budget Deficits and Public Debt

Regardless of how governance transforms, it all might come crashing down. Budget deficits and public debt are out of control and unsustainable. Neither the Obama administration, nor the previous administration, nor Congress has evidenced much interest in addressing the issues. Should the country’s future economic well-being and national security be mortgaged—no matter how well intentioned?

Terry F. Buss, PhD, is executive director of and distinguished professor of public policy at the Heinz College of Public Policy and Management, Carnegie Mellon University in Adelaide, Australia. Contact him at tbuss@andrew.cmu.edu.