Sclerotic and Starved Government?

By the warping of government work, Donahue is referring to what he calls a labor market misalignment. His thesis is that this condition has quietly but intrusively erupted in recent decades without our realizing its significance. The root problem is that a major social class change has occurred in the United States. What was once a relatively homogenous middle-class workforce has bifurcated into two distinct parts. One is the soaring private economy, whose escalated scales of income and wealth have created a wealthy elite group to which all of our most talented young people aspire. The other is a lumpen middle class of government workers that has been left behind, content to receive pay and benefits that are good compared to their low-wage private sector counterparts but not destined to increase much. While enjoying the protection of powerful public sector unions, these workers never join the fast lane of twenty-first-century American life. To depict this situation metaphorically, to Donahue the public sector is like the island of Bali, which once belonged to mainland Indonesia but now is an isolated landmass. (May I just add it would not be a bad place to vegetate.)

The result is a public service “hobbled by inflexibility and starved of talent”:

All too often American government is not smart enough (because private alternatives drain away the best personnel) and not supple enough (because workers sheltering in government’s middle-class bastion quite rationally resist change). The warpage brought about by disparities at either end of the labor market is not the only reason government fails to deliver. But it is an important and underrecognized part of the performance problem. (141)

If the deadbeat side of the economy fails to deliver, the obvious alternative is to have the dynamic private side take over. The question of how much it should is addressed in the middle of the book. Donahue’s treatment of the subject is somewhat novel. He begins with the classic Richard Coase essay “The Nature of the Firm,” which inquires why firms exist at all when the market, not the organization, is the most efficient instrument of rational action. Suggesting a parallel here with the inferior government agency, Donahue

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Donahue applies the framework to the postal service, school support services, airport security screening, information technology services, human resource management, space shuttle management, and military needs. I found many of his comments here quite thoughtful, such as how vital it is for a government agency to control the formation and character of its human capital base and how agencies should not hire information technology contractors to provide integrated computer services, as once that is done they lose their capacity to make all future information system decisions.

In his final chapter, Donahue considers the options available for overcoming the problems created by labor market warping. How does one reconcile an exciting private sector and a somnolent public one? Options that are intellectually logical but not possible in practice include reuniting the American middle class as it existed after World War II. Another theoretical scenario is to carry the workplace revolution to government; withdrawing the comparative wage and benefit advantages of low-paid workers and catapulting upward the compensation of public executives would, however, be political suicide. What is left is simply to deal better with the great divide. The author cites various attempts that have already been made in this direction, although to little effect: burnish the social standing of government work, encourage job-hopping between sectors, have professional master’s degree programs serve both sectors, streamline government hiring procedures, and leverage the full capacity of nonprofits and for-profits to take over government work. The author ends by stressing the potential of greater collaboration among the public, corporate, and civil society sectors. After all, “[i]ndividuals, businesses, and nonprofits have a mix of motives for collaborating in the production of public value, including intrinsic commitment to the goal itself, a special interest in the process or outcome, reputation, the latent threat of mandates or regulation, and the thirst for good publicity” (163).

No doubt this final reflection is correct. We all hope that citizens who are privately employed are more public regarding than the material, self-regarding, preference-satisfaction stereotype that dominates economics thinking. But at the same time, it would be a mistake to ignore the value of what citizens who work for government offer in this regard. There, intrinsic interest in the work itself, commitment to a common cause, dedication to right processes, and persistent work on behalf of the common good are not a secondary hobby but the main thing—and sometimes even a calling. Aside from blue-collar workers who do not visualize themselves as government employees, a great many public employees are not there for the paycheck alone. They get up in the morning and go to work because they believe in their missions, whether it be environmental protection, alternative energy, a safe food chain, accident-free aviation, good public schools, rapid deployment of relief in natural disasters, or winning the war on terrorism. Furthermore, the government workforce is not composed of individuals alone but also members of public service professions, each of which has its own ethos of craft: park rangers, investigative epidemiologists, school superintendents, social workers, police lieutenants, intelligence analysts, military officers, and many other examples.

To be sure, Professor Donahue includes several tables of empirical data in his book on the declining middle class, income differentials between sectors, and comparative health and retirement benefits. But statistics are also available on the high quality of the work done in government. Studies comparing public and private sector performance by no means indicate that business always does it better. Members of the public, when surveyed, are disdainful of “bureaucracy” in the abstract but are satisfied with the actual services they receive. Anyone who is familiar with such agencies as the Coast Guard, Centers for Disease Control, National Weather Service, Peace Corps, and U.S. Army know full well that these institutions are not stagnant backwaters, but beehives of ongoing technological change, employee reeducation, and organizational self-examination.

I trust Professor Donahue is not too embarrassed by the economic meltdown of 2008–2009. The collapse of the housing market, the greed of financial institutions, the tottering automobile industry, and the loss of private sector jobs by millions of people around the world do not speak well of the performance of the private economy for which Donahue has so much admiration. In particular, the outrage against multimillion dollar bonuses and golden parachutes holds much irony in light of his argument. Instead of a failing public sector, we have at present a seriously sick private one that government is trying to doctor back to health. Government in the Obama era is hardly sclerotic. Suddenly young people are applying for government jobs again and showing greater interest in public service. It is a time for public administration to hold its head high.