

Can Obama Make Big Government Run Better?

Posted by: Steve Hamm on November 30

The Obama administration has mapped out an incredibly ambitious set of objectives: stimulate the economy; reform the health care system; save the planet; and combat terrorists. But all of this saving, stimulating, reforming, and combating is making government ever larger and more expensive. So another task looms large: Obama has to make government run better—meaning more efficiently and effectively. If he fails to do so, he'll lose the support of the people and will have no chance of completing his agenda.

I spent the last few weeks working on a [story](#) about this effort. My conclusion: Despite the immense difficulty of the job, Obama's team has the potential for making real progress. However, given the hysterical tone of the national debate, I fear that it's unlikely that improvements in government operations will register and will sway public opinion. In scoundrel times like these, fear and loathing trump rationality and earnest hard work.

The government efficiency team is captained by Jeff Zients, a private sector efficiency expert. For details of what Zients and his team are up to, read the story. But there were a couple of themes I couldn't get into, for space-shortage reasons, so I'm going to explore them here:

1) I was impressed by the Obamans respect for the people who work in government. The Bush administration treated government workers like lazy dolts—setting rigid goals for them and outsourcing government functions to private industry as much as possible. (Do a Google search on “Halliburton” to see how well that worked out for the taxpayer.) In contrast, Zients helps government people set their own goals and provides some of the essential tools they need to accomplish them. Craig Newmark, founder of Craigslist and good-government maven, explains the shift: “In the past, government workers were told that government is the problem and nothing was expected of them. Now there's a new message: You *do* matter. Now, get stuff done.”

2) One of the major debates that came up while I was developing the story was whether the Obama administration is being ambitious enough in its good-government efforts. This is tricky stuff. Chris Edwards, director of tax policy at the conservative Cato Institute, says the efforts by successive administrations to make government work more efficiently are laudable, but insufficient. “I think you can make marginal improvements around the edges but you don't get at the core problem.” Which, in his view, is that government bureaucrats don't have the proper motivation and legislators are interested in getting credit from their constituents for bringing home the pork—regardless of whether the money is well spent. His prescription is do something big with government by making it smaller.

Don Kettl, dean of the University of Maryland School of Public Policy (and author of the new book, [The Next Government of the United States](#)), also faults the Obama administration—but for different reasons. He says it's vitally important for Obama to make a big splash with the performance initiative so everybody involved understands how important it is and is highly motivated to make improvements. Also, he says, the administration needs to come up with a fundamentally new idea to build momentum around. “Unlike in the previous administrations, there isn't an obvious “new thing” that the administration has embraced,” he wrote me in an e-mail. “There just isn't a large stock of intellectual capital that the administration is tapping—no ‘big idea’ to drive the effort.”

Jeff Zients insists that Obama has made it clear within government that performance improvements are a top priority. But Zients doesn't believe a radical restructuring of government is needed. His model for the task at hand is Louis Gerstner, who was hired by IBM's board to turn around the company when it was on the rocks in 1993. The previous leaders had planned on breaking IBM into parts. Gerstner took an opposite approach: He would re-integrate the company and focus on making it run better. “He came in and started to change the culture,” says Zients. “He delivered the message that IBM needed to turn around or it could go out of business. In the end, it was the greatest turnaround in modern business history. It was all about execution. It wasn't about vision or grand strategy.”

There have been other corporate turnarounds that followed a similar path. Mark Hurd's work at Hewlett-Packard is another instance of execution being more important than vision. But the countervailing example is a powerful one: Steve Jobs' transformation of Apple. The difference is that HP and IBM had vast resources that could, if harnessed properly, produce very successful businesses. Apple, when Jobs returned from banishment, was in a very different situation. It was on the verge of irrelevancy. To me, the government's situation is closer to that of IBM and HP, so Zients' execution-oriented strategy seems more likely to be the right one.

Then again, given the rotten temper of these times, successful execution may not matter as much as it should.