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A Fuller Accounting

By: Debra K. Decker – December 26th, 2012

Discussions about the economy and the fiscal cliff may be urgent but they are not the most important discussions we need to be having. We keep getting twisted and tied up by urgent matters because we don't address America's important underlying issues: what we want as a people and the role of government in helping us achieve that. These important issues are difficult ones to address -- made only more difficult by the lack of a framework for discussing them. To develop a framework, we need a fuller accounting.

The country could learn a lesson from corporations. Businesses have balance sheets as well as cash flow and income statements. They know where they are now -- not only financially but also in terms of their stakeholders, which include their customers, employees, suppliers and facilities/technology providers, and the communities where they are located. Enlightened companies even monitor and assess their corporate social responsibility (CSR) performance including such factors as their environmental impacts and the ethical behavior of those in their supply chain.

Good businesses not only have this full accounting, they also develop strategic plans that include a future vision, a mission statement, and goals and objectives, with performance measures to show progress toward those.

And the U.S.? Our national enterprise has nowhere near this level of sophistication.

On the financial accounting side, recommendations on how the U.S. should account for its spending are not new. This financial accounting is important but not the full accounting required. Yes, we need better financials to know whether government spending is a capital investment in something that will be productive over a long period of time, as in infrastructure development, or a consumable, literally as in food stamps, but we need more importantly to take stock of where we are as a country as a whole. This means knowing how we are doing not only in terms of financial and economic measures but also in terms of environmental and social measures from air quality to justice access -- and not just for the nation as a whole but also for sub-populations, based on geography or race or age.

And then once we have a national accounting, we need to set some goals.

Luckily we have at least a start on the self-assessment that can lead to a national accounting. The Affordable Care Act authorized the establishment of a bi-partisan Commission on Key National Indicators. It was a great step -- intended to allow our nation to look at more than economics. Recent National Academy of Sciences reports developed for the Commission focused on educational attainment and on health. In addition, a nonprofit was established called State of the USA. The idea was to gather together all the information in one place so that we could see where we are collectively. The data include not only health and education but also economic well-being, as well as information on such things as carbon emissions and violent crime. However, the last entries on this site were in 2010 and the information presented without value judgment is overwhelming. (The State of the USA director was not readily available for discussion.) So today we don't quite yet know how to sort through where we are and our goals are well... not articulated.

Collecting information like this is important. However, even if we did it well, it would be pointless unless it were used for a point. Some countries from Australia to France to Bhutan understand this and are at various stages of conversation on what their nations want and how to measure outcomes.

The good news is that some U.S. localities are setting a good example for America as a whole and looking at measures and target goals. For more than a decade, Boston has been doing this type of fuller accounting and targeting. The Boston Indicators Project uses its data on everything from civic vitality and education to the economy and public safety to inform special reports on innovation and equity that can in turn inform policymakers.

Some states have also taken the lead. Maryland, Virginia, and Washington state have established transparent priorities. Whether these are the right goals and measures or whether progress is sufficient can be debated. However, these are all great starts and where the Obama administration needs to be headed.

Right before the presidential election, I spoke with a senior White House official. I lamented the singular focus on the economy and employment (urgent) alongside the lack of discussion around (important) broad issues affecting America. Although we are seen as a capitalist people, this is not all of who we are. We can't let discussion of GDP growth and the fiscal cliff be the constant headline. Let's talk equity and opportunity, such as the declines in the median household income of \$50K, where half the U.S. households live on less than that amount. Let's talk about sustainability not just in fiscal terms but also environmental so we can have a true conservative conversation and discuss preserving our financial and natural resources for the next generation. This is not just about money.

The senior official shrugged and said, the administration has to talk about what people care about. I told him, okay until the election, and then the administration should take the lead in defining the conversation.

How can the administration start a national conversation on fuller national accounting and goal setting? President Obama in his State of the Union address could kick it off. The way the State of the Union speech is traditionally done, we have the president talking at us and giving us his assessment. How about the president inviting the American community into dialogue on our country and its progress?

The White House has attempted a dialogue with the general public but not in a constructive way. A new White House petition portal allows anyone to tell the White House whatever s/he wants. Simply inviting folks to petition the White House online has led to some curious but not particularly useful insights, with the most-signed petition being to allow peaceful Texas secession -- and I'm not sure if that's from the many thousands of folks who want to exile my home state from the Union after Governor Rick Perry's Republican primary performance or my fellow Texans being our usual proud selves and threatening non-peaceful secession. (By the way, Louisiana secession is also highly petitioned.) And although this open dialogue is strangely interesting, it's not very productive.

Within government itself, a dialogue on performance is ongoing. Government performance has concerned many administrations, in the modern era starting with the Government Performance and Results Act (GPRA) of 1993 under Clinton-Gore, improving with the 2007 government performance Executive Order of President George W. Bush and then being updated in the GPRA Modernization Act of 2010. However, the larger policy questions beyond this performance focus have not been raised to develop truly critical cross-cutting government goals -- and this new modest but good goal-setting effort has escaped notice by the public. Take a look at the new government performance website. It is necessary but is certainly not sufficient. And although Jeffrey Zients, as interim leader of the Office of Management and Budget, has done a good job of moving performance management forward, one has to ask who chose those rather arcane areas of focus on government processes?

A truly constructive dialogue on our country's performance and direction would identify and engage key stakeholders and leverage media, the way good corporate enterprises do. The dialogue would be on outcomes not simply government processes. Many think tanks and other non-profits are already developing measures including international ones, so we can now see how we are performing relative to others on different dimensions. Consider, for example, the World Justice Project Rule-of-Law index (U.S. access to justice is not as good as one would hope), the Environmental Performance Index, the UN Human Development Index. Economists and social scientists recognize the need for a new accounting -- whether it is Joseph Stiglitz and Jean-Paul Fitoussi focusing on the

costs of inequality, and along with Amartya Sen telling us we are mismeasuring our lives through GDP. Or it is Jeffrey Sachs focusing on sustainability and calling for a new policy dialogue, or Vincent and Elinor Ostrom looking for ways the public can manage public good, or Daniel Kahneman telling us we don't necessarily even know what we think we know about what we value. A lot of discussion is going on in think tanks as well, from the Urban Institute, to the Center for New American Security, to the conservative Cato Institute which provides a good forum for discussion via its Cato Unbound dialogues as does the National Council for Dialogue and Deliberation -- to just name a few.

We need this new fuller accounting of where we are as a country and then we need to discuss what our priorities are and government's role in helping to attain our goals.

President Obama's re-election signaled that American voters believe government has a larger role than the Republicans would afford in helping America to move the country forward -- but where that forward is is still up for debate. The president's Chief of Staff Jack Lew knows this discussion needs to happen. Now, as the president and his chief speechwriter Jon Favreau prepare the State of the Union address, they should think in terms of committing to: a fuller accounting of where we are as a nation, a conversation on where we need to be going, and then a discussion of not only what the government will do to move us forward but what we as Americans have to do ourselves.

The discussion should not be just about money.

Goal		Current State	Dialogue on Relative Values	Four-Year Goal	Stakeholder Roles (Gov't, Business, Individuals, NGOs, Media)
Primary Factors	Economic				
	Social				
	Environmental				
Enabling Factors	Political				
	International				

"A well-informed nation is an essential component of a healthy democracy. There is no substitute for being able to understand the whole (e.g., the position and progress of the nation) in order to better assess and act on the parts (e.g., the key issues that we face). Although a number of cities, states, and regions in the United States have comprehensive key indicator systems, there is no such system for the United States as a whole."

From: GAO, Informing Our Nation: Improving How to Understand and Assess the USA's Position and Progress, 2005 (est.)

"An international research agenda on [progress in well-being] is crucial to moving from measurement to informing decision-making."

-- From: Fourth OECD World Forum, draft of Key Messages, October 2012