These days I have been trying to avoid new speaking engagements. But the simple fact is Cecilia Rouse’s letter of invitation undermined my defenses.

How could I resist participating in the Woodrow Wilson School’s “Good Governance” lecture series? Specifically, the purpose is to examine (and I quote) “the current state of the United States governing bodies – and whether they are meeting the needs of our citizens.”

In that context, my speech can be both definitive and exceedingly short. The current state of our governance bodies is poor. Quite simply, they are not meeting the needs of our citizens.

Are there any questions?

If not, let me prime the pump.

Effective governance has been a preoccupation of mine for a long time. I have spent most of my working life in government. I’ve seen enough of it from the inside to know something of the immense satisfactions and inescapable frustrations of public service. But beyond personal experience I’ve never doubted either the importance of effective government or the need for constant vigilance by our public leaders, by our educational institutions, and by our citizens.

But today, those simple propositions seem questioned.

A certain sense of skepticism about government is – and should be – part of our American experience. It is, in fact, rooted in the checks and balances in our constitution. But today, that healthy skepticism seems to have settled into corrosive distrust. And there we have a problem. No democracy – no government of the people, by the people, for the people in Abraham Lincoln’s stirring words – can flourish, or even long exist, if the people themselves have lost confidence in our governing processes.

You can’t dismiss my concern by chalking it up to a grumpy old man harking back to some presumably glorious earlier days. The evidence is all around us. Virtually every poll tells the same story of disenchantment, varying only in whether it is the Congress or the President that ranks lowest in popular respect. There is the often cited poll repeated over the years that asks one simple question “do you trust your government to do the right thing most of the time?” Doesn’t sound like an extraordinarily difficult test – but these days the answer “yes” lies around 20 percent. The cynics
among you may suggest 20 percent is good enough for government work – but I have to tell you it’s not evidence of a vibrant, healthy democracy.

Maybe you prefer a different kind of evidence bearing upon our democratic processes. I’m told three out of the four most affluent counties in the United States are now those surrounding Washington, DC, which itself has become an island of great prosperity built on the wealth of lobbyists, law firms and government contractors. I am told that today, 70 percent or so of Congressional staffers leaving those positions take jobs as lobbyists, a multiple of the experience 20 years ago.

The excesses of campaign financing, the seeming acceptability of gerrymandering, the passive pandering to “one issue” voters – I could go on and on. But the relevant question is what to do about it. That’s not a question for me more than it is for you here at one of America’s most prestigious educational institutions.

I know the Woodrow Wilson School, with its counterparts at other great universities is actively engaged in debate and research about issues of public policy – large questions of national security, of poverty and income inequality, health care, international relations, and the environment. It’s interesting, challenging stuff. But I have a question. How much attention is being paid to how to get something done, to practically implement big ideas, to achieve a degree of effectiveness and efficiency in the provision of necessary public services. Without a sense of good and fair public management, how can we expect to restore trust - and not so incidentally justify the level of taxation needed to support the agreed policies and services.

Long ago, Alexander Hamilton, in writing his Federalist Papers made the point succinctly “the true test of a good government is its aptitude and tendency to produce a good administration.”

I recently ran across an aphorism of the great American inventor of a later generation, Thomas Alva Edison. In only five words he encapsulated the challenge of translating policy into government: “Vision without execution is hallucination.”

That is a simple lesson that I fear too often, even in these hallowed halls, has been ignored.

Permit me an anecdote from 25 years ago that illustrates the point. While walking with an economics professor toward Robertson Hall, I mentioned that I thought too little attention was being paid here at Princeton to the challenge of “public administration.” His spontaneous reply was “that’s not an appropriate matter for a great university, public administration is not an intellectual discipline like economics.” Passing over the rather obvious limitations of the science of economics, I responded that, as an undergraduate, I respected the fact that the then president of Princeton was a well-known Professor of Public Administration. My interlocutor was unyielding. “This great university,” he said, “would not have a Professor of Public Administration as president.” The obvious question left hanging was whether that the once leading American scholar of public administration, Woodrow Wilson himself whose name honors this school, should have made the cut.
Well, I have come to understand that the very words, public administration, conjure up a
dull image of unimaginative bureaucracies mired in routine procedures. Rather, public attention and
academic interest should be directed toward ideas, toward high policy, toward vision. Yet, consider
one lesson right before our eyes these days. The whole of President Obama’s grand vision of
universal health care was placed in jeopardy by embarrassing failures in implementation.

Hopefully, that is being corrected. But it is only the latest example of the problem. What
about the massive failure of the Federal Emergency Management Agency in responding to the
destruction of Hurricane Katrina a few years ago. Or consider the off-shore oil spill in the Gulf
which disclosed for all to see that the government monitors and safety precautions were really
lacking. More important, and right in my bailiwick, failure in financial regulation and supervision
contributed to the worst recession in a couple of generations.

I could go on and on, but the relevant question for me, and for a great university, is what to
do about it.

I decided last year to take one small step. Helped and encouraged by a few friends, I started
a new institute – the Volcker Alliance. The important part of that name is Alliance. We want to join
forces with other institutions that share our concerns and our objectives with respect to improving
government performance at all levels, Federal, state, and local.

I know that’s a challenge as large as all outdoors. We cannot be more than a catalyst, a
rallying point for interested parties, a sponsor for promising research, encouraging new ideas and
new approaches, not least toward the education process itself.

As we got underway, it became evident that we touched a sensitive nerve. Not just in the
United States but in other democracies there is a sense that thinking about public management and
education for public service needs attention, a serious “rethink,” and fresh ideas. We know for sure
we have potential partners in both Europe and Asia who share our concerns. The former UK Prime
Minister, Tony Blair, in launching his Africa Governance Initiative, emphasized: “You need a
vision for where you want to take the country… but the really hard part is putting in place the
machinery that will make it happen.”

I realize that may all sound impossibly naïve, beyond imagination and less
intellectually stimulating. But in the spirit of the old Chinese maxim that a long journey must start
with a single step, let me set out some priorities for the Alliance as we see them today.

The federal financial regulatory structure has had well known weaknesses for years – seven
or eight independent agencies each with entrenched bureaucracies, overlapping and competing
mandates, marked by varying degrees of professionalism and independence, and vulnerable to
industry “capture.” I count at least 20 serious efforts to achieve some consolidation since World
War II, all failures. Today, in the aftermath of the financial breakdown, given the enormous
complexity and interdependence of markets, and the potential for renewed and excessive risk-
taking, the need is more obvious than ever before.
So, working alongside a large project of the Yale School of Management about regulatory and supervisory policy, we plan to set out some new proposals for reform, drawing on the best academic research and professional experience we can find.

Similarly, the “great recession” and their own policy weaknesses have exposed state and local governments to really unprecedented and unsustainable financial pressures. Short-sighted, sometimes deliberately misleading, financial practices have undermined pension commitments to employees, forced emergency cutbacks in education and health care, neglected needed infrastructure – ultimately threatening bankruptcy as well as essential services. So, working with state and local organizations, isn’t it time for rationalizing financial reporting and financial practices of state and local governments? That at least was the conclusion of a three-year study of the State Budget Crisis Task Force which issued its final report last month. It specifically emphasized the need for more consistent, transparent, and comprehensive financial statements. The basic point is that citizens, and legislators as well, have too often failed to understand the magnitude of the financial challenge and neglected the discipline required.

Those are two examples of “one off” projects. More important, ultimately, will be continuing our efforts in two directions.

The first requires attention to developing and extending ways and means of setting reasonable goals for government services, the importance of collecting meaningful measures of performance, and using those data to guide administrative practices. It is partly a matter of effectively utilizing new technology, but more than that it is a challenge to management. Success will depend on cooperation with both educational institutions and “think tanks” as well as governments themselves. There are quite a few examples of success in such cooperative efforts, but those successes need to be replicated and multiplied many times over so they become the norm, rather than the exception. Take, for example, the now well-known but innovative policing practices resting on highly sophisticated data collection that have helped lower crime rates in major cities.

Critically important will be cooperation with schools of public affairs, public policy and public administration – whatever their names – in rethinking and developing appropriate approaches toward education for public service. What should be included in a core curriculum? How can the promising idea of internships be developed, perhaps particularly at the state and local levels where students are “close to the action”? Can and should off-campus programs become significant as an add-on or even a substitute for traditional approaches? Specifically, should not “policy” courses require a complement of “how to do it” lessons?

One thing I am sure of, these and other questions need review. The whole field of public policy and public management needs rejuvenation. And success will depend heavily on the willingness of leading schools to participate in the effort. I was intrigued and delighted by the Woodrow Wilson School’s decision to hold this lecture series.

Concerns about governance have seldom been so pressing. The need for attention and new initiatives cannot be denied. The long-cherished motto of this educational institution - Princeton in the nation’s service – could not be more relevant than today. And the Woodrow Wilson School should be the proud and concrete manifestation of that commitment.