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# The Failing U.S. Government--The Crisis of Public Management

Nothing less than an overhaul of the systems that implement federal policies will suffice

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The crisis of American governance goes much deeper than political divisions and ideology. The U.S. is in a crisis of policy implementation. Not only are Americans deeply divided on what to do about health care, budget deficits, financial markets, climate change and more, but government is also failing to execute settled policies effectively. Management systems linking government, business and civil society need urgent repair.

The recent systems failures are legion and notorious. The 9/11 attacks might well have been prevented if the FBI and the intelligence agencies had cooperated more effectively in early 2001 when they were receiving various signals of a possible terrorist attack. Hurricane Katrina caused mass devastation and loss of life because recommendations to bolster the levees shielding New Orleans and other protective measures were neglected for decades despite urgent expert warnings, and because the federal emergency relief effort failed completely after the storm. To this day, reconstruction efforts in New Orleans are paralyzed and many poor communities there have been abandoned. The U.S. occupation of Iraq was marked by massive and shocking corruption, incompetence, and implementation failures by U.S. agencies.

On the economic front, the current financial crisis is a remarkable systems failure. Government regulatory agencies completely dropped the ball while overseeing the surge of several dangerous financial instruments, especially sub-prime mortgages, collateralized debt obligations (CDOs), and credit default swaps (CDSs). The supply of CDSs in particular soared from nearly zero in 2000 to an estimated \$60 trillion in 2008 with almost no regulatory attention. These unregulated CDSs underpinned the reckless lending that eventually burst in the Great Crash of 2008.

The list, alas, goes on and on. Military procurement systems are, according to retired military leaders, so broken that they now jeopardize national [security](#): the U.S. is buying armaments that are overpriced, unneeded and technically defective armaments. Our system for financing the costly federal health care system subsidizes the overuse of advanced technologies while underfinancing highly effective and lower-cost public health measures. Public construction systems are failing to keep up with urgent national needs. Roads, bridges, rail, [water](#) and sewerage systems and many dams are in dangerous disrepair around the country; large sections of New Orleans remain wrecked and highly vulnerable; and even ground zero of 9/11 remains a hole in the ground because of endless bickering. Similarly, despite nearly a decade of planning, the government has failed to build and test even a single coal-fired power plant that captures and sequesters its carbon dioxide. This so-called Future-Gen project, vital for the transition to a low-carbon economy, has still not been launched.

We need a better scientific understanding of these pervasive systems failures. It is wrong to think that they illustrate the inevitable failure of government. Other governments around the world more successfully manage infrastructure investments, health systems and environmental resources, apparently with greater flexibility, less corruption, lower costs and better outcomes. America should be learning from their experiences.

Several factors are at play. A key one has been the flawed privatization of public-sector regulatory functions. Wall Street firms hold excessive sway over government regulators, so that dangerous behavior has been unconstrained. Private insurance companies and health care providers block measures to curtail the overuse of costly technologies. Private military suppliers drive the procurement of unneeded weapons systems.

A second has been the collapse of planning functions within the federal government. A remarkable feature of the recent debates over climate change, energy systems, infrastructure rehabilitation and health care reform is the lack of detailed forward-looking government proposals and plans. The Obama administration has stated general principles (very admirable ones) but too often without clear targets and the operational strategies to achieve them. Planning has been replaced by lobbying and backroom deals in Congress that are nearly opaque to the public.

A third, and paradoxical, factor is the chronic underfunding of government itself. It sounds like the old joke about the bad restaurant: that the food was lousy and there wasn't enough of it. The public is wary of putting more funds into government having witnessed one public sector failure after another. Yet without investing more resources in skilled public managers in health care, energy systems, and national security, we are

probably doomed to remain stuck in the hands of vested interests and lobbies.

Fourth, today's challenges cut across technical specialties, government departments and public and private sectors. In health care and energy, for example, the private sector holds the key technologies but the public sector is needed to finance research and development, to regulate sustainable practices (for example, for emissions reduction and primary health standards), and to ensure access for the poor. Public health must be addressed not only through curative medical care but also through nutrition, food systems and a safer built environment. Energy systems must respect ecological as well as economic constraints. Yet our government agencies are not designed to take a holistic approach.

In short, we have arrived at a point where the challenges of sustainable development — including public health, infrastructure, energy and national security—require changes not only to policy but also to basic public management systems. In many crucial areas, tinkering will no longer suffice: we need an overhaul to regain government control over regulatory processes, reduce lobbying, restore public planning and ensure the adequate financing of skilled public managers, and align public management systems with holistic strategies.