

Conservatism as Managerialism



The *Budget of the United States Government, Fiscal Year 2003* is as glossy as an Enron annual report—but the budget merits more careful attention, both for the information it conveys and for what it does not.

Consistent with the spirit of the times, the cover of each of the several budget documents is a color photograph of a waving American flag. The budget reflects a serious attempt “to simplify information, to reduce the use of jargon, and to illustrate its contentions more liberally with charts, tables, and real-life exam-

ples. Color and photographs appear for the first time.” Fine!

More important, the budget “seeks to inaugurate an era of accountability in the conduct of the nation’s public business. It takes the first step toward reporting to taxpayers on the relative effectiveness of the thousands of purposes on which their money is spent. It commences the overdue process of seriously linking program performance to future spending levels. It asks not merely ‘How much?’; it endeavors to explain ‘How well?’”

For example, the budget assigns grades to each of the 15 departments and 11 executive agencies on five criteria: management of human capital, competitive sourcing, financial performance, use of the Internet, and integration of budget and performance.

The initial grades, if even roughly accurate, should cause a taxpayer revolt: 110 grades for unsatisfactory performance, 19 grades for a mixed record, and only 1 grade—for financial perform-

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ance by the National Science Foundation—for good performance. Ten departments and four agencies received unsatisfactory grades on every criterion. The budget also assigns grades for relative effectiveness to a sample of programs in each department and agency, and the many “earmarks” that Congress adds to appropriation bills are singled out for special attention. Over time, the test of this system will be whether it leads to either improved performance or a reallocation of the budget from the departments, agencies, and programs with low grades to those with higher grades. This will be a special challenge, because the departments (such as Defense and Education) responsible for those programs most favored by President Bush are now among the departments with the lowest grades. Although the administration will be grading its own performance, the people at the Office of Management and Budget pledge that they “will not indulge in grade inflation; we will hold ourselves responsible and report honestly when progress is too slow.” As a former assistant director of

the OMB, I am skeptical about this promise, but best wishes.

As do prior budgets, the proposed budget for fiscal year 2003 answers the “How much?” question rather precisely. And the answer is, A lot, \$2,128 billion, 19.5 percent of the projected gross domestic product. For the first time, the new budget attempts to provide a systematic answer to the question “How well?” And the answer is, Management performance is broadly unsatisfactory and many programs are ineffective.

The most important question, however, which is neither asked nor addressed, is “Why?” In the thousands of pages that are characteristic of a contemporary federal budget, there is no discussion of why the U.S. federal government should make the decisions on an activity—rather than some other national government, U.S. state and local governments, or the private sector—and whether there is any constitutional authority for the activity. In other words, there is no apparent political ideology in the new budget. The Bush administration seems to have endorsed the standards of public administration—accountability, management performance, and program effectiveness—as a sufficient basis for evaluating the scope and composition of federal activities. Our first president with a master’s degree in business administration seems to have interpreted conservatism as managerialism. Alas!

—William A. Niskanen



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