

ARTHUR S. FLEMMING AWARDS CEREMONY
George Washington University
Washington, DC
The Honorable David M. Walker
Comptroller General of the United States
June 6, 2005

Thank you for that kind introduction. I'm pleased to join you this evening to honor the recipients of the 2004 Flemming Award. I'd like to congratulate each of the 11 recipients for setting a standard for excellence in the federal government. This year's awardees have been singled out for a range of accomplishments, from extraordinary management of federal programs to the innovative application of new technology. Tonight's list of awardees is truly impressive!

I'm particularly pleased and proud to be here because two GAO executives are receiving Flemming Awards this year: Jeanette Franzel for her efforts to modernize federal auditing standards and Dan Gordon for his contributions to procurement law and due process. I was pleased to nominate both Jeanette and Dan, and I can attest to their outstanding abilities and future potential.

I'd also like to acknowledge the many guests here tonight. I know from personal experience how family and friends often share in the sacrifices that come with public service.

This evening, I'm going to talk a little about the broad challenges facing the federal government and our nation. I'm also going to talk about the need for and importance of leadership to address these challenges and capitalize on related opportunities.

The philosopher and missionary Albert Schweitzer said, "Example is leadership." As my colleagues at GAO will tell you, I'm a big believer in leading by example. In my experience, effective leaders practice what they preach, take the time to show others the way forward, and demonstrate through both their words and actions how things can and should be done.

My agency, the U.S. Government Accountability Office (GAO), strives to be a model for the rest of government and for other professional services organizations. GAO's roadmap for success is straightforward:

- We lead by example.
- We get results.
- We meet the needs of our clients.
- We hire great people, empower and invest in them, and reward their performance.
- And we partner with others, both domestically and internationally, on issues of mutual interest and concern.

Much of GAO's work focuses on day-to-day government operations, but GAO also seeks to alert policymakers and the public to a range of emerging and long-term challenges.

It's not always an easy job, and some people don't like to hear the facts, but I can assure you that GAO will continue to speak out on key issues of concern to Congress and the nation.

Perhaps the most urgent challenge is our nation's worsening financial condition and growing fiscal imbalance. Primarily due to the aging of the baby boomers, rising health care costs, and inadequate federal revenues, America faces a rising tide of red ink.

Despite what some say, deficits do matter—especially if they are large and structural in nature. Today, our nation's financial condition is far worse than advertised. Candidly, the federal government's business model is broken and it's time we started to fix it.

Anyone who says that we can grow our way out of the problem probably wouldn't pass economics or basic math. To grow our way out of the problem, we'd have to have sustained economic growth way beyond what we saw during the boom years of 1990s. It's just not going to happen—and the sooner we recognize that reality, the sooner we can do something about it.

Last year, despite strong economic growth, the federal government had an on-budget or “operating” deficit of about \$567 billion. Importantly, only about \$100 billion of that deficit resulted from spending on the global war on terrorism and incremental homeland security costs. How can anyone justify running such huge deficits? In my professional opinion, you can't.

While the deficit numbers are big and bad, it's the government's long-term liabilities and unfunded obligations that are the real problem. I'm talking about promises for Social Security and Medicare along with civilian and military retirement plans, future environmental cleanups, and potentially costly bailouts of government-sponsored enterprises like the Pension Benefit Guaranty Corporation. These items now total about \$45 trillion, or roughly \$365,000 for every full-time worker, and that burden's growing every day. In the last year alone, this amount rose by over \$13 trillion, largely because of the new Medicare prescription drug benefit.

Clearly, a crunch is coming, and eventually all of government—including the Department of Defense and the Department of Homeland Security—will feel its impact. GAO's long-term simulations show that without meaningful changes, increasingly drastic actions on both the spending and tax sides of the ledger will be required to balance the budget. By 2040, it's entirely plausible that the federal government could be reduced to doing little more than paying interest on the national debt.

To save our future, tough choices are required. Entitlement reform is essential and inevitable. We're also going to have to reconsider and revise a range of spending and revenue policies. To keep pace with the many changes that we know are coming, our government must also change.

For example, in the next 50 years, the U.S. population is expected to grow by more than half, while the ratio of workers to retirees will dwindle. More broadly, our world is being

increasingly shaped by forces that have no geographical or political boundaries. Markets, technologies, and businesses are now global in scope.

That's also true for many environmental and public health issues. Air and water pollution don't just stop at the border. And with today's international air travel, infectious diseases can spread from one continent to another in just a few hours. The modern world is also being shaped by new security threats, including terrorist networks and rogue nations, some who possess weapons of mass destruction.

Unfortunately, much of today's federal government remains on autopilot and is based on conditions that existed in the United States and the world decades ago. In my view, transforming what our government does and how it does business is one of the central challenges facing policymakers and government leaders today.

Given the challenges that we know are coming, I think it's time to ask a series of basic questions: What is the proper role of government in the 21st century? How should it be organized? How should it do business? How much will it cost? How should it be financed?

In my view, we need nothing less than a top-to-bottom review of federal activities to determine whether they are meeting their objectives. It's time to eliminate outdated and ineffective programs and policies, and it's time to consolidate overlapping or redundant functions.

People, processes, and technologies will all be critical to this transformation, but the most important factor by far is people. The simple but powerful truth is that effective government demands a quality workforce. How can we settle for anything less than first-rate people to run what is arguably the most important institution on earth—the U.S. government? I've said this before, and I'll say it again: People are our most valuable asset, and we must treat them accordingly. In addition, effective and respected leaders are invaluable.

Government transformation won't happen overnight. Transformation will succeed only with sustained leadership that transcends the efforts of a single person or a finite term of office. Elected, appointed, and career officials, like the ones we are recognizing tonight, will need to work together for some time before we see real, measurable, and sustainable results.

Yes, we need capable people in public service, people with up-to-date knowledge, skills, and abilities. But it's also important to have people of character, with a well developed sense of right and wrong and empathy for others. Recent scandals from Wall Street to Washington underscore the importance of character. As many in leadership positions have learned the hard way, it's not enough to do what's legally permissible. It's important to aim higher and do what's ethically and morally right. General Norman Schwarzkopf said, "Leadership is a potent combination of strategy and character. But if you must be without one [of them], be without the strategy."

One of the biggest problems in Washington today is the continuing unwillingness of public officials to look to the future, recognize reality, and make difficult policy choices. Unfortunately, time is working against us. The miracle of compounding works against you when you're a debtor. The simple but plain truth is, the longer we postpone difficult policy choices, the more we threaten our collective future. Right now, we need more policymakers and public officials with the courage to do the right thing and who will put the needs of the next generation ahead of the next election cycle.

In my view, we need more leaders in government who possess three key attributes. Those attributes are courage, integrity, and innovation. We need leaders who have the courage to speak the truth and to make difficult decisions even though those decisions may not be popular. We need leaders who have the integrity to lead by example and practice what they preach. We need leaders who are willing to try new ways of addressing old problems and who can help others to see the way forward. Stated differently, we need more leaders like those of you who are being recognized tonight.

One of my favorite Presidents, Theodore Roosevelt, summed up his public career by saying, "I acted for the common well-being of all our people." Today in government, we need more leaders who are concerned about the greater good; namely, more people who are committed to the collective best interest of all rather than the narrow self interest of a few.

To my mind, that's exactly what public service is all about. Public service offers an opportunity to make a difference in the lives of others, some of whom you may know, most of whom you'll never have a chance to meet. Public service is a chance to step up to the plate and help build a better future for our country and for our children and grandchildren. You're hearing this from someone who returned to government service for this very reason.

In closing, cynics are fond of saying one person can't make a difference. But the cynics are wrong. The recent disclosure of the identity of Watergate's Deep Throat reminds us that one person—in this case a career civil servant—can change the course of history. In fact, if you look around this room you'll see at least 11 individuals who've proved the cynics wrong by making a big difference. Congratulations again to each of tonight's Flemming Award winners on a job well done! Let's hope that many others will follow your lead.