

TESTIMONY

From

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For

**Subcommittee on Rules and Organization
Of the House
Committee on Rules
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Mr. Chairman, it would be inappropriate for me to comment on the merit of policies that drive the activities of the agencies of the United States government especially as a visitor to your country. However, having served as an elected member of the Parliament of New Zealand for nine years and as a member of Cabinet during a period of unprecedented reform, my experience may be of value to you in your deliberations.

In particular, my role as associate Minister of Finance and Chairman of Cabinets Expenditure Control Committee, that had oversight of the reform process, I have first hand experience of the change process and hopefully some of the wisdom of hindsight. During that period, our Parliament rewrote its "*Standing Orders*" (the equivalent of your rules) and I was a Caucus Whip.

In addition to the above background, we at George Mason University's Mercatus Center have, over the last two and a half years, been conducting a study of the progress of federal government agencies in accountability for results as required by the Government Performance and Results Act (GPRA).

Mr. Chairman, I am honored to have been invited to give testimony before your subcommittee and commend your review of House rules in light of Congress' decision to change the accountability of government organizations. The intent of GPRA, which I totally support, is to move accountability from compliance with the Appropriation Act to evidence of the benefits that flow to communities from the expenditure of the appropriated funds.

The success of GPRA requires each of the players to diligently pursue their respective roles. For government agencies, this requires that they establish outcome goals that bring tangible benefits to communities and demonstrate that their activities (outputs) will indeed produce those benefits. The role of Congress is to diligently scrutinize government agencies to ensure that they are setting realistic, achievable goals and that the particular programs will deliver the claimed benefits. Therefore, Mr. Chairman it is very appropriate that your committee is conducting this review of House rules to ensure that Congress is able to pursue robustly its goal of improved accountability.

When addressing the impact of this changed accountability I always find it useful to think about outcomes (results) in the following framework. In theory, government's activity serves only two purposes: the enhancement of an existing public good or the diminishing of a current or potential public evil. If government activity is not serving one or the other of these ends, then it should be terminated.

The application of this rather simplistic thought process should bring into sharp relief the desired outcome (benefit) of a particular program. It was clearly the intention of Congress and the Administration through the passage of GPRA to focus future judgment of success or failure of government programs on measurable community

benefits. In my view, Mr. Chairman, your committee should also seek to ensure that the House's procedures do, indeed, focus scrutiny and decision-making on outcome assessments.

If public confidence and respect for the procedures of government is to grow, then the activities of government must produce clear evidence of material benefit for communities. For this process to win the confidence of the public and improve the quality of government performance then the scrutiny provided by Congress must:

- be robust,
- focus on results,
- reward superior activity, and
- punish poor performance.

The above rationale exposes the first area the review process might consider - the link between oversight and appropriation. The process of oversight might be likened to a research function in which specific activities are reviewed in depth. The knowledge acquired in this process would be passed on to the appropriators, who would use that knowledge along with other considerations to inform their decision-making when granting an appropriation. This cooperative approach to House procedures would substantially enhance the reputation and respect for both oversight and appropriation functions.

The next area that might provide fertile ground for review is committee consideration of new legislation. Around the world, the custom for many legislatures has been to enact law that gives immediate relief to an existing problem, e.g., feeding the hungry. This activity is meritorious in its own right but only relieves the consequences of an existing problem. Consideration of an issue such as this should also invoke examination of the causal factors of hunger and seek the means to remove those causal factors so that ultimately there are less hungry people to feed or (ideally) the problem is eliminated.

My somewhat clumsy illustration above is meant to focus attention on seeking solutions to problems rather than being satisfied with treatment of the consequences. With all new legislation, the empowering part of the Statute should clearly identify the particular problem it proposes to solve and what would be appropriate indicators of success. It may, indeed, have to deal with existing or developing consequences of the problem being addressed but it should also seek to provide lasting solutions. This means clearly identifying the desired outcome and ensuring that the legislation reflects that desired outcome. Incorporating a requirement that progress towards goals should be expressed as a measure of achievement to date, would certainly strengthen Congress' intent when passing the new law.

When giving consideration to re-authorizing existing laws or programs, the oversight and authorizing processes of Congress should examine the intent of the original legislation and ask the following questions.

- What progress has been made on this issue since the first enactment of this law?
- Does this law/program seek a clear outcome?
- What progress has been made on resolving that problem?
- Is this law/program appropriate to contemporary society?
- What detrimental effect would the removal of this law/program have on society?
- What changes need to be made to allow this law/program to successfully resolve the issue in question?
- When can we anticipate that we might be relieved of the need to support the consequences of this problem?

Having gathered this information, the committee should make its findings on the efficacy of the activities under consideration publicly available. It should also inform the Administration if particular activities are not accomplishing their goals or if there are no clear goals for that activity and seek the Administration's proposed solution. Alternatively, Congress might decide to provide the solution itself. The point at issue here is that no law or activity should be re-authorized unless a clear goal is described with measures which will allow public assessment of success of that activity.

Another area of consideration for the committee might be *the requirements to report* clauses of the GPRA Act. It is clear that the intent of the Act was to make the process and activities of government much more transparent. This transparency was intended to allow all interested parties - the Congress, the stakeholders, the media, and the general public to be informed about the results of government utilization of their taxpayer dollars. It would therefore be helpful to this process if House rules encouraged Committees to place high transparency requirements on those agencies when complying with their requirement to report.

Such a reporting requirement would include the following:

- That the report be readily available to all interested groups.
- That the format of the publication makes it possible for everyone to make a quick and accurate assessment of the performance of the agency from reading the document.
- That the report identifies outcomes and describes progress towards those outcomes.
- That the report predicts progress in the future, barriers to that progress, and how those barriers might be removed.

In this process, Congress might play a role similar to that of a stock exchange and its relationship with listed corporations and shareholders. In this case, Congress establishes the rules, the agency is the corporation and the public is the shareholder. The standard for annual reporting by publicly owned companies is extremely high and requires the utmost integrity and transparency. Why, then, should government not be required to meet the same standard, given the compulsory nature of taxation?

Mr. Chairman, once again I thank you for the opportunity to present testimony to this committee on these far-reaching issues. I extend my congratulations to you, Sir, and to the other members of the Committee for your visionary role in placing these forward-

looking ideas under the spotlight. In my view, great good could come from this timely consideration.

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