

CONVERSATIONS

WITH BILL KRISTOL

BILL KRISTOL:

Hi, welcome back to *Conversations*. I'm Bill Kristol. I'm very pleased to be joined today by my friend John DiIulio, professor of Political Science at Penn, previously at Princeton, student of James Q. Wilson, who I studied with a little bit too, but John was really his student extraordinaire, and Jim did in him the honor, really, of making him the co-author of Jim's American Government textbook, which I think, at one point at least, was the best selling American government textbook for college students—

JOHN DI IULIO:

It was.

BILL KRISTOL:

...in the country. Is it still?

JOHN DI IULIO:

It was.

BILL KRISTOL:

Was.

JOHN DI IULIO:

Not quite, but—

BILL KRISTOL:

It's doing okay. It's—

JOHN DI IULIO:

What happens when you go from Major League to AAA is what [inaudible]

BILL KRISTOL:

No, no, it's an excellent book. And you actually learn, it's not just a textbook either. You learn... it's not about... some more subtle points as well. John has also experience in politics, local state level, and the federal government, describes himself as the New Deal Democrat that we served for a year or so in the Bush White House. So a wide ranging background in political science and politics. And John, thank you for joining me today.

JOHN DI IULIO:

Thank you, Bill. It's an honor to be with you as ever.

BILL KRISTOL:

And John is an expert on many things, actually, but one of them is bureaucracy, which is... But one of them is bureaucracy or civil service, or how government actually works, the millions of people who make government work as opposed to some of the... in addition to being an expert on various policy areas, of course. But the civil service, which is sort of usually a dry and slightly out-of-the-news topic, has been coming to the news because Donald Trump has talked

about are pretty radical civil service reform. So why don't we just begin by... I'm saying a word about the civil service. I think people hear that term—

JOHN DIULIO:

Sure.

BILL KRISTOL:

... and they're not sure. I'm not sure. What does it mean? And then we can talk about his reform proposal and its implications.

JOHN DIULIO:

Sure. Well, I'm going to try to do this and make it... I can't promise scintillating. Scintillating may come at the end. I don't know how we'll get there, but this is a pretty dry topic, but it's a very important one. So let me start... beginning at the beginning, and I'll actually start with President Trump, because when he came into office in 2017, the first year, he didn't really have much to say about the federal workforce or the federal civil service system. In fact, much of what he did say was considered quite flattering to the federal service. There were all these nice statements, but that changed in 2018. And in 2018, he put out three executive orders. And the real burden of those executive orders was to contain or cut federal worker participation in unions. So, they were really directed against... About 30 to 35% of all federal workforce employees are unionized. That's less than say, the states, which is like 40 or 45% at the local level, but it was really directed at federal employee unionization. That really didn't go anywhere. It picked up a certain amount of controversy and dust, but it really did not have any lasting effects. Then in 2020, President Trump proposed the creation of a new federal government job classification for federal civilian workers in what is known as the "excepted service." Now, here's where we're going to get a little boring, but I promise you we'll try to pull it back.

BILL KRISTOL:

But just before we get into that detail, just step back even one step, roughly, how many... What are we talking about? A million people? 5 million people?

JOHN DIULIO:

So the excepted service, and that's E-X, not A-C-C, excepted service, is the one-third of the federal workforce. That is not the competitive service. The competitive service covers most of the positions in the executive branch. Most of the say 2 million federal civilian workers who are not uniformed military personnel and not postal workers. So the excepted services is this other third. The competitive service, it's all what you remember from the great Chester Arthur, my favorite president of all time, the Pendleton Act of 1883, preceded by 1871, the Civil Service Reform Act, that really created the prototype of what became the civil service. And the proposal and its implications.

BILL KRISTOL:

So say a word about what that is. So that's like you don't get fired for political cause, you don't take bribes.

JOHN DIULIO:

Sure.

BILL KRISTOL:

What is the essence of that?

JOHN DIULIO:

Throughout the 18th and 19th century, up till 1871, federal workers were just political patronage jobs. To the victor went the spoils, and the patronage system was dominant. There was no bigger advocate, no bigger prince of patronage than Chester Arthur himself. But then following the murder, you'll remember this from your elementary or high school textbooks, by a disgruntled office seeker, President Garfield was murdered. Arthur changed his position, and a man named George Pendleton, a Democrat from Ohio, had this proposal they've been kicking around for years to create a federal civil service or merit system whereby essentially you only get federal employment. It's only awarded, those jobs, on the basis of merit as demonstrated through performance on competitive examinations. This was as radical an idea in 1883, as you can imagine, but it passed with bipartisan support, overwhelming bipartisan support in both the House and the Senate.

Initially, only about 10% of all federal jobs... And remember, the federal workforce then is like 100,000, 110,000 people. But by the time you get to World War II, excuse me, to World War I, you're up to about two-thirds already of the service covered, and that's pretty dramatic change in a space of 40 or 50 years. So when we think about the federal civil service system, we think about the merit system. You're talking about what we call the competitive service. Now, the uniformed military, right? Obviously, there are qualifications for that as well, about 1.4 million folks. If you add them to the five, 600,000 postal workers, you get a federal workforce of about 4 million. But we're really talking here about the 2 million federal civilian workers, the vast majority of whom are in the competitive service. But the competitive doesn't cover three types of positions. Okay? The senior executive service called the senior executives, these are policy positions, higher level positions, but for career folks, then there's presidential appointments that require Senate confirmation, cabinet, sub-cabinet.

And then this third category, and this is where this proposal Schedule F, so-called, comes in, positions that are specifically excepted from the competitive service by statute or by a special rule of the Office of Personnel Management, or OPM. OPM was created in 1978, and what was really the last major restructuring of the federal civil service system, and really the biggest restructuring since 1883 under the Civil Service Reform Act of 1978. Let me just say a word, it's a very quick word about that before I go on, because President Trump talks about the need to gain control of the federal bureaucracy. A lot of presidents have. It's important to remember that that was the same rationale that President Carter gave back in '78. He talked about gaining control of the bureaucracy. Now, he also wanted to diversify the federal workforce, let unions have more of a role, but that was the last major reform. And so as I said, about a third of all federal workers are covered by the excepted service, and there are five categories of excepted service.

BILL KRISTOL:

And that's the thing we're talking about now [inaudible]

JOHN DI IULIO:

That's what we're talking about.

BILL KRISTOL:

So the person answering your social security query as to whether you should apply at age 62 or 65 isn't probably that.

JOHN DI IULIO:

No. No. In fact, [inaudible]

BILL KRISTOL:

That person is just continuing on his or her job as a—

JOHN DI IULIO:

Right. The people who are in the excepted service, there's five... There's A, B, C, D and E. Okay? And just in very simple terms, the excepted services vary by whether the positions require policy determinations, whether they involve confidential information or relations, whether they require an OPM standard qualification, whether they're considered an urgent or vital need. So you don't need the competitive exam. So for example, I was a Schedule C excepted service employee. When I was the White House Faith Czar or whatever, I was an excepted service person. I wasn't a cabinet person, but I had confidential and close relations.

BILL KRISTOL:

When I was Bill Bennett's chief of staff, I was Schedule C.

JOHN DIULIO:

Same. You were an—

BILL KRISTOL:

SES but Schedule C. Yeah. Yeah. Yeah.

JOHN DIULIO:

We have to have a party, get all the schedule C people together.

BILL KRISTOL:

Those are more the policy-making, sensitive, higher level based.

JOHN DIULIO:

Well, some of them are, and then the A, the B, and the D are less so. You might have chaplains, right? You may have data analysts, you may have people, recent STEM graduates. And then there's Schedule E, which everybody always forgets, which is basically administrative law judges, right? So now enter Schedule F. Okay? That's where... So [inaudible]

BILL KRISTOL:

That's funny. I never even thought... why is it F?

JOHN DIULIO:

Right.

BILL KRISTOL:

So there are these five other schedules that already exist as—

JOHN DIULIO:

Correct. Correct. Most people, by the way, most people, even the public administration experts go, "A, B, C, D. What the heck is E?" So I had to ask my great friend, the great dean of public administration scholars, Don Kettl, "Don, remind me what Schedule E is." He goes, "Administrative law judges. Everybody knows that." So anyhow, that's where Schedule E comes from, right? Now—

BILL KRISTOL:

Schedule F is... Yeah.

JOHN DIULIO:

Yeah, so [inaudible] Schedule F comes from. So let me try to give you... I always to tell my students in 35 years of teaching American politics and government, when you come up against

a proposal that you've done your homework on, you know what you're talking about, or you feel you do, but you have serious reservations or doubts or disagreements, always try to understand the proposal or the item the way the advocates do. Try to see it through their eyes. Try to understand it. Try to make the best possible case work before you take off critiquing it, or even outright rejecting it. So I'm going to try to follow my... Any of my former students out there, practicing what I preached, or trying to at least. So as elaborated, and I would say reanimated in the Heritage Foundation's Project 2025 Mandate for Leadership Volume. Let me just pause there to say, I don't know. I actually have a... Here it is.

It's a big, thick, two volumes, two parts. It's a magnificent document. I'm not saying I agree with much that's in it, but it is a serious, thoughtful, systematic treatment across the board. Reminds me of the old Brookings Institution setting domestic priorities volumes that used to come out with every presidential election. So my hat is off to them. I don't agree with a lot that's in there, and I surely don't agree with the Schedule F proposal, but no one can say it's not thoughtful and well argued. Okay? And so what do they want?

BILL KRISTOL:

One thing, if I could interrupt on that, I think it's an important point just to emphasize that so many of my friends who are in anti-Trump world or the Heritage Foundation, it's crazy, demagogic, this and that. It may be a little crazy and ultimately demagogic, if you want to call it that, or irresponsible, or whatever, but these people have studied it. It's a serious proposal in the sense that it's worked out.

JOHN DI IULIO:

It's a serious proposal.

BILL KRISTOL:

And these are people how... They know what Schedules A through E are.

JOHN DI IULIO:

They know what Schedules A through E are. They know the history of the federal civil service. They understand it, and they have an argument. They have an overarching rationale, and they have a set of particular rationales. I'll try to explain in due course why I think they're wrong or off base, but I don't think anyone can just shrug it off or should. But essentially what they're arguing, essentially schedule F is a proposal to create a new job classification within the excepted service for federal workers in policy-related positions. Now, the plot thickens immediately. What it says in the volume, what others have said, what President Trump himself has said, you get a number of... There's going to be 20,000 of these positions, or 30, or 40, or 50, or 100,000 of them. I like to just say 20,000 or more. Okay? Because that's what I think the more serious folks who have proposed this generally say.

So 20,000 or more competitive service positions that would be newly classified as policy related. Okay? Stripping them, stripping them of most or all of their civil service and/or union protections, and permitting the president and/or the president or political appointees acting on his behalf to essentially treat them as at-will employees. Okay? Now, there are presently 4,000... The president has about 4,000 political appointees. Okay? So if we just say 20,000, it would add... The number will be 24, 25,000. Just hold that thought. We'll come back to that, right? So these are people who operate at the will, and they're taking these positions out of the competitive service and putting them in the accepted service and stripping them of all of their civil service and/or union protections. Now, President Trump made this proposal at the very end of his administration, in the last few months. No employees, no federal employees were schedule F'd during Trump's last few months. There just wasn't enough time, and the leaders in the GOP on the Hill were not fully on board. In fact, I don't think they really fully understood it. So nothing happened as it were. And this is an important part of the story, Bill, because in much of the discussion that occurs now, you hear, especially the people who, as I am, are critical of the proposal, they talk about what Trump did, what Trump's proposing to do, often

talk about the most overheated or hyped versions of schedule F, I think the facts are pretty alarming, or even dangerous. Nope, not without having to hype it, but it's important to note what President Biden did and has done in relation to this over the last three and a half years.

BILL KRISTOL:

Just one last little introduction for clarification. So just to be clear, these are people... When I came to Washington in '85 as a political appointee, Schedule C political appointee, I was interviewed, Bill Bennett wanted to hire me. I had to go to White House personnel. They had to see if I was a loyalist to Reagan or whatever other qualifications I had. They had to make sure that Ronald Reagan didn't have some ideas about who should have the particular slot that was allocated that then it wanted me to put in because they were people who came from the White House who we appointed obviously as political appointees, and eventually I got this job. There were still certain minimum requirements. I don't know that I could have gotten it if I were a felon or if I had.... if there was a normal FBI check and so forth, but it's a... And what you're saying, if I just get this right though, is that at that time, I think there were maybe less than 2000.

JOHN DIULIO:

3000. 3000 or so, yeah, back then.

BILL KRISTOL:

Now, there were 4,000. But you're saying basically, there are 24,000 under this proposal—

JOHN DIULIO:

Yeah, if you had... If you do—

BILL KRISTOL:

...White House personnel or cabinet secretaries where Donald Trump personally say, "I want John DiIulio in this job."

JOHN DIULIO:

Exactly.

BILL KRISTOL:

So then that does not now exist. And now it exists for 4,000. Yeah.

JOHN DIULIO:

Right. And you'd be converting, you'd be pulling essentially 20,000 or however many jobs out of the competitive service.

BILL KRISTOL:

I see.

JOHN DIULIO:

They're suddenly classified as excepted service and at-will employees, essentially, no civil service protections. You had no civil service... I had no civil service protection, as you know. So what does President Biden do when he comes in? Okay? The first thing he does early on is he creates something called the White House Task Force on Worker Organizing and Empowerment. And essentially, what that was, it was about unionization. It was about boosting unionization, and it has been very successful, for good or for ill, depending on how you view it. But within the first year or so, 80,000 additional federal employees unionized. So again, that

number now, the federal service overall is about 35%. Again, below the state and local levels of 40, 45 respectively, but it's a lot. And so it was mainly about unionization.

But then over the last year or so, the Biden administration has developed and issued a new Office of Personnel Management Rule. And that rule bars career civil servants from being reclassified as policy-related or political appointees and preserves all their existing civil service protections and all of their accumulated union protections. Okay? Now, that OPM rule has not received enough attention. People think it's like, well, so what did he... Did they give him a sheet of paper with six talking points and he picked off... This is a 236 page rationale and procedural road map, and it took effect just last month. Now, the thinking, I believe on the part of the people who drove this is that, well, were President Trump to return to office in 2025, were he to try to start Schedule F and rescind that rule and revive Schedule F, it would take months or years to unravel and unwind the new OPM rule, amend the related rules, and get schedule left rolling. I don't think that's correct.

I think that they are being somewhat pollyanna-ish. I understand what would have to be done. I think it could be done much more quickly than that. So that's why I feel maybe a little greater sense of urgency about this issue, because I don't think that this is a... It's imagine no line, if it's anything.

BILL KRISTOL:

Right.

JOHN DIIULIO:

It'll be gotten around rather quickly. And notice what President Biden did not do. Okay? And this will get to something maybe we'll come back to later. What if President Biden instead had come in and said, "You know what? That Schedule F idea is a heck of an idea. I have 20, 30, 40, 50,000 Democrats I would just love to put in to have at will employees and had done so"? You would be setting up a dynamic here, right? Forget about whether you think you'd be more comfortable with Al Gore doing this than Donald Trump. I would be, but I don't want it in any case, because part of the dynamic here is you would have essentially a hostile takeover of the bureaucracy every time, and I mean a deeply hostile one.

If you have 2 million, let's just say, the 2 million federal civilian employees, the vast majority of whom are competitive service, and you now have 4,000 people who are at will political appointees like you were, and I, those people, and then people in the cabinet agencies, so that's a ratio of one political appointee for every 500 people. Let's say you go to 25,000. Let's say you go to 25,000. Yikes. All of a sudden, here you are. You're looking at... Yikes, in no time at all, go to 100,000. You're down to one in 20, one in 80, one in 40. That's almost insane, right? There's no possible reason for that. Fortunately, President Biden didn't do that. He kind of pushed back in a different way. So it's not just about President Trump. It's not just about the concern about President Trump, though I think that concern is legitimately more acute than it would be if it were Al Gore or Barry Goldwater. If it was Woodrow Wilson or Richard Nixon, I'd also be more concerned. So it's not just about who is pushing. It's the thing itself. Not a good idea for a whole host of reasons.

I think it's important to understand though the rationale for this, and if you would allow me, if it's not too boring, I'd like to just read it. I'd like to read into the record exactly what Heritage says about this. I'll take off my glasses. So, I jotted down from those two volumes, or at least the chapters on this that I read. So, this is from the *Mandate for Leadership* book, the latest edition, and it's basically their vision for post Schedule F, federal civil service. And this is a quote.

"The people elect a president who is charged by Article 2, Section 3 of the Constitution with seeing that the laws are faithfully executed and his political appointees democratically linked to that legitimating responsibility. An autonomous bureaucracy" that we're going to come back to, "an autonomous bureaucracy has neither independent constitutional status nor separate moral legitimacy. Therefore, career civil servants by themselves should not lead policy changes and reforms."

I'm just going to state right now, I agree with that statement. And if we had an autonomous bureaucracy, I'd be concerned, but we don't. Then they go on to talk about certain more technical things having to do with how the senior executive service career people have been kind of layered in to positions that could have gone to non-career people. And I think that's a legitimate point. I think there has been too much of that over the last many years.

Then finally this, "Actions such as career staff reserving excessive numbers of key policy positions as career reserved to deny them to noncareer SES employees frustrate the 1978 act," the act I mentioned earlier, the last major restructuring, "where frustrate its intent. Another evasion is the general domination by career staff on SES personnel evaluation boards, the opposite of noncareer executives dominating these critical meeting discussions as expected in the SES. Schedule F should be reinstated, but SES responsibility should come first."

And then finally it goes straight after federal employee unionization. "Congress should also consider whether public-sector unions are appropriate in the first place. The bipartisan consensus up until the middle of the 20th century held that these unions were not compatible with constitutional government. And more than a half century of experience with public-sector union frustrations of good government management, it is hard to avoid reaching the same conclusion."

So what you have here, essentially as the Schedule F advocates see it, is what? What you have is a view that just as, was it Clausewitz? You're the philosopher, Bill. Was it Clausewitz, am I getting it... who said that war is the continuation of politics by other means?

BILL KRISTOL:

Right.

JOHN DI IULIO:

They see administration, public administration as the continuation of politics by other means. And for 46 years now, the Civil Service Reform Act of '78, that's been the battleground, that's been the ground zero in partisan and ideological battles over the extent to which the president can and should control the federal bureaucracy and its workforce and the concomitant battle over unionization, public employee unionization.

Schedule F, however, is not just the latest salvo in this battle. It is really the first use of nuclear rather than conventional weapons in this. And I can go through, I can pause here, I can go through and talk about what I think it purports to accomplish, how it purports to accomplish it, and why the key underlying understanding or the background facts really don't support it.

BILL KRISTOL:

No, that would be—

JOHN DI IULIO:

In my view.

BILL KRISTOL:

That would be great and necessary. So just to interrupt for a second though, correct this if I'm wrong. It feels to me like when I was chief of staff at the education department, there was always a pull to push and pull, to tug of war in a way between wanting to accomplish certain policy goals and career people who would say, "Well." They'd say many things. They might say, "Yes, that's a good. Okay, we'll see what we can do to accomplish. We'll put into motion, put the process into motion to accomplish those goals." They might say, "Well, you should know first of all though that there's laws and regulations on the books that will stop you from going as fast as you'd like or in the direction you'd like even. So you need to either get Congress to change those laws or we need to formally change those regulations," which there's a whole process for, and allows outside groups to comment and so forth.

Or someone in the general ... Or I'm making this up obviously, but Bill Bennett would tell me, "See if we can do this." I would say to the general counsel, "Can we do this?" And career people in the office of the general counsel would say, "Well actually, here's what the precedent is on this, and this part would be either unwise or would be overturned, or we really think it would just be illegal and you really would put us all at risk of breaking the law if you did this." And so there was that kind of push and pull.

I mean, I found it was reasonable balance. I mean, you could argue we didn't have quite enough ability, but you learn a lot from the people who've been there for 20 years, too if you're just some political guy coming in with some vague notion that I'd like to have more school choice and not just what the teachers' union want.

But you're saying, and that's kind of I think been the situation for 30 years. I mean it probably differs in some different departments and so forth. And there's slightly different wrinkles on it in the Justice Department and Defense Department. But even there, I think it's basically the situation, right? And this does, I guess my question would be, and then you should walk through what you said you would. This fundamentally changes the balance of power.

JOHN DI IULIO:

Well, it does potentially because let's, and basically makes the... it's as if the president functions as a CEO of a corporation or business that he's the CEO of, and they've done a hostile takeover and now they're going to change everybody from the southwest to the northeast division and put in all their people and all that.

Just to go back just very quickly historically, there have been a lot of histories, as you can imagine, done, a lot of doctoral dissertations and master's thesis as well, books about how in the world did Chester Arthur, how did this come about in 1883? And the answer is they realized they were entering a period of industrialization. You had these things out, this newfangled thing called interstate commerce with railroads. These were big, important, crazy. And so maybe the guy from Philadelphia, the party hack who was really good at helping you win the election, might not know quite as much about railway scheduling fees, the relevant technology. You might want to have somebody in Washington, in the bureaucracy, in the federal service who actually knew something about interstate commerce and railroads and so forth and so on. Well, that's really the predicate of the entire thing. They have it now.

Okay, so if I said that to you, and I have to some of the fans and advocates so that they say, well, of course, of course, no one's denying that there's important, that the person at the Environmental Protection Agency that regulates pesticides knows more about pesticides and how to regulate them. Or the person at the USDA, the Department of Agriculture knows more about summer food nutrition programs and the problems of implementing those. They're not denying that.

What they are saying though, and this goes kind of to what you were beginning with when you were talking about your own experience. This autonomous bureaucracy claim isn't just autonomous bureaucracy and neutral. It's that the bureaucracy for decades now—this is the underlying argument—has used its, I'll say ostensible autonomy, to ensure that conservative Republican presidents and congresses that win the policy wars lose the administrative and policy implementation battles. That's the core claim.

So as they see it, conservative Republicans going back to at least Ronald Reagan, some would to go back to Nixon, they've won most or many or most of the policy wars, but they've lost many or most of the administrative battles undone, undermined. Because what happens is, rather than according to them, rather than translate these conservative policies into effective and ethical action, and then you get the liberal radical Democrats who ostensibly dominate the supposedly big bloated federal bureaucracy, have either dragged their feet or actively undermined or otherwise functioned as a, here it comes deep state or an administrative state that slow walks or suffocates the policies that are favored by Republican presidents and congresses.

Now, that's really what's at, to me, at least at the center of this. And the first thing to be said about that in my view is yeah, there have been cases. Of course, there are instances of bias, renegade discretion of bureaucrats, outright opposition. It happens. You'd expect it to happen.

Something that's spending trillions of dollars a year and has 390 agencies and has an army of contractors, you'd expect some of that and no one can deny. It would be almost not quite as daft as saying, "Oh, of course, elite liberal universities don't have faculty members who are predominantly Democrats and liberals."

No— tut-tut. Of course they do. And of course the federal bureaucracy is disproportionately Democrat and center or left of center. But that's really not the question because there are dramatic and unacceptable exceptions, but they are not the everyday rules. That's my point. Nor could they possibly be the everyday rules in our system of separated institutions sharing powers. Check off the three branches. Right?

Congress. If you go to, you mentioned the late, great James Q Wilson whose real magnum opus I would say was his 1989 book, *Bureaucracy*. I mean, he wrote on a lot of important things, American government and crime and all other topics. But that book on bureaucracy really I think is his greatest book. I'm not sure he thought that, but I thought that.

And in that book, there's a chapter on Congress. And what the chapter on Congress argues and argues it matter of factly as if it's not trying to— you know, it's not a novel theory. Congress really has tamed the bureaucracy. I mean, if you go, you know, you're getting called up. People, not only the appointees, but investigations, inquiries, constant hearings, the bureaucracy, the federal agency can't spend a penny. It can't take an action. It can't let a request for a proposal. It can't supervise a contract without the expressed consent and agreement of Congress and the multiple committees that have multiple and overlapping jurisdiction of every single federal agency, the 15 cabinet departments, the many independent agencies, whether it's Social Security administration or whatever. So it doesn't make sense, just prima facie to say that it's an autonomous bureaucracy. If it's autonomous, they certainly seem to have at least 435 board members who are constantly calling them to account and cross pressuring them.

Then let's go to the president.

BILL KRISTOL:

People are very sensitive and responsive because if a staffer for a congressman who's on your appropriations committee calls up, you won't do what's wrong. And hopefully you'll make sure the competitive process works, but you will also make sure that nothing is being done unjustly to that person.

JOHN DI IULIO:

Yeah, and presumably. And presumably there's a law of anticipated reactions that goes on here. I mean, you just don't go off and start doing something. You're a liberal Democrat who's ideological and partisan, and you're in, take your pick, I don't care, the Department of Transportation or the Environmental Protection Agency, and here comes a new president of the United States who happens to be a conservative Republican. You get up the next morning and you start rocking and rolling and trying. You don't, because you know you can't. Well, you might want to. I'm not denying that they might have the will, but they don't have the capacity.

And I think Wilson's chapter, which is now many decades old, but some folks should go back. I mean, a lot of folks who favor Schedule F are also people who are sympathetic to the late great Professor Wilson. They should go and read that chapter and see if maybe what he said in '89 is outmoded and outdated. It's not. If anything, Congress has become, its tentacles have become more deeply, they're more deeply entrenched in congressional oversight and whatnot. So now let's go to the president, okay? So you have a president that's recommending a Schedule F to get control of the bureaucracy. As I said, you have the 25,000 would give you an interesting span of control of 1 in 80, go to 50,000, 1 in 40, about 100,000, that's 1 in 20. I mean, that's almost institutionalized paranoia of a kind. How many do you need to do this? I mean, in addition to the fact that those 4,000 political appointees, even people who like yourself worked in Washington, Democrat administration, Republican administration. People, they've even interviewed, there've been all kinds of studies and so forth. At the end of the day, they pretty much get what they want. At the end of the day, even though we're not her Majesty service, it's not perfectly neutral. At the end of the day, president's political appointees exercise enormous

influence over what the bureaucracy does. I mean, sometimes maybe even too much influence, right?

BILL KRISTOL:

Yeah, to the degree that there are limits. It's actual laws that have been passed by Congress and/or upheld by the courts and so forth and actual appropriations bills. It's not so much that it's not bureaucrats squirming around to stop you from doing things.

JOHN DIIULIO:

And then last but not least, in these three co-equal branches, the federal judiciary, the courts, we just had Supreme Court, nice states roll back the Chevron doctrine. Now we're going to have judges making those decisions about, I guess pesticides and summer food nutrition programs.

Look, there are people in the federal bureaucracy, and I think this is one of the important hard facts that, or let's put it this way, one of the important ways in which the federal bureaucrats get caricatured rather than characterized. There are 2 million federal civilian workers other than uniform military and postal workers. 90% of them live outside the beltway. Okay? There's a hundred thousand of them in Florida. There's 120,000 of them in Texas. So, the two red states, or two pretty red states have over 10% of the federal bureaucrats living as their neighbors working, shopping. They're in communities. They're not inside the beltway, and they are basically folks who came into the federal... Most of the people come into federal service. Yes, they favor, they're looking for job security and so forth. But it's really remarkable that these people, if you've been in a particular agency for 10 or 12 years, you know an awful lot of stuff about whatever that is. If you're in the Department of Justice and you're in the Bureau of Justice Statistics, I mean, you're one of the great, you must be one of the greatest census takers in the world because they put out the second-largest census of any agency through the National Crime Victimization Survey. I mean, those people could be teaching... should be teaching statistics and survey research at Harvard or other great universities. Is it okay to say Harvard's a great university anymore? I don't know. But okay universities... or once-great universities, whatever.

But it's stunning. So, the idea that... And then the actual nature of their jobs, and this is where frankly, schedule F proponents and opponents, most of them, not all of them fall down. Most of those 2 million people are contract administrators. I mean, there is a deep state, but the real deep state is the contractor state. There are seven, the equivalent of seven full-time employees on the federal payroll who are not counted on the federal payroll for every one federal bureaucrat. So what most of those people are doing, the 20, 30,000 at EPA, what they're actually doing is overseeing other people who actually are the ones who translate federal laws and programs and policies into action. It's not direct public administration. It hasn't been for 50 years.

So there's this vast shadow government, if you want to call it that. There's this vast contractor state, the Department of Defense leading the way on that. And what most of these folks actually do is oversee and administer grants and contracts.

So that reality, if you're worried about gaining control of the bureaucracy, if you're worried about they're going to under exercise, renegade discretion, undermine, and either slow walk or suffocate my policies and programs and the direction they're going to push back against the direction I want the government to go, you got a bigger problem. Because they're not doing the direct administration. They're really intermediaries. They're almost intercessors. Okay? So how do you get a handle on the real deep state, the contractor state?

And here's where I don't know the answer to that here at all. I mean, that's the real problem. And the real deeper problem there is that, and we have two parties in this country. We have the red party of tax less and the blue party of spend more. And every election, they win every election together. That's how we have a deficit financed and a proxy administered government because nobody likes taxes and nobody likes bureaucracy. And so we create these systems, we create deficits, and we create proxy administration and have 10, 12, 13, 14 million people who are not on the federal books, but are defacto federal employees, people who have never drawn a

check in their lives from anything other than the US Treasury, who are not counted as federal civil servants or bureaucrats.

BILL KRISTOL:

Interesting. Interesting. So let me try a proposition now to bring it to more how it could be though abu— You've given sort of the why it's probably unwise, even if it were done in good faith and why it's either unnecessary or unwise. It was a matter of the balance of, I don't know what to call it exactly, political direction and expertise, competency and so forth. But one can also say this, that the current system, if it errs, maybe it errs too much on the side of entrenched bureaucratic ways of doing things. EPA has hired a certain contractor in Ohio to test the acidity of the rivers and the lakes from rain every year. And they get used to doing that and they don't have as good a competitive system to get the latest technology in or whatever. That would be sort of the wrap on the federal government, right? Kind of sclerotic a little, bureaucratic, as we say, very slow to adjust to new technologies and so forth. And there's probably some truth to that, but that's one downside and one can try to correct that in certain ways. as civil service reform efforts, which we can maybe come back to in a minute, have.

The other downside, though, of, let's call it the Trump Heritage system, pushed even harder though, is it's not EPA [inaudible] hiring the same folks over and over who do the test. It's a political appointee, removable at will, in EPA, ordering that his cousin's firm in Ohio be hired and making sure that that firm in turn only hires Trump-friendly, I don't know what, people, and that they also don't report back results that aren't friendly to Trump's policy agenda. I don't know which is more, acid rain or something. I don't know.

And you can imagine this in a million different areas, and I think there, don't you think that, I mean the balancing of competency and loyalty, if you want to call it that, or expertise in politics is there's always going to be a gray zone where people can differ. But it feels like on the Heritage Trump side, the degree to which with a president who is obsessed with loyalty, with Cabinet officers who are willing to push very hard in that direction, with incidentally the Chevron decision and the immunity decision and Trump talking about pardoning people and a general sense that you're not going to pay a price for going too far in the loyalty et cetera direction, combined with the civil service reform, you kind of are sailing off towards perhaps a pretty dangerous and at least irresponsible loyalty first and down through the ranks.

Because then you do get the kind of trickle-down effect that even if the person underneath the Schedule F employee, who's just a non-excepted career civil service, but Schedule F guy has the ability to promote or not promote, and isn't quite as deferential as Heritage even points out to the established civil service boards, which say, well, this person has done a better job over the last six years, he deserves the raise. No, I want to give that person a raise because he's been more accommodating to me. He gave the contract to my cousin in Ohio. I mean, I feel that's I think why some of the alarmism is there.

JOHN DI IULIO:

Yeah. And I think it's right to be very nervous and onto alarm, not hysterical at this point, but alarmed, and take it very seriously. But here's the thing, the federal bureaucrats sitting there, these two million people under all this congressional scrutiny, being poked by 4,000 political appointees, being overseen by courts, these folks who, again, are functioning mainly as contract administrators, it's almost as if the system has been set up for federal civil servants to be used by members of Congress, both parties, the way bagmen are used by criminal syndicates. They're just a middleman. Because right now they're under enormous pressure to deliver those contracts to the people who are politically favored.

And there are people on both sides of the aisle and Congress at the other end, both ends of Pennsylvania Avenue. There's lots of pressure. And so it's no accident that for many decades you couldn't even take past vendor performance into account in deciding whether to renew a contract. It was literally against the law. Why? Because they wanted to be sure, and everybody, it's a quid pro quo. It's a log rolling thing, you get yours, we get ours, D's, R's, doesn't matter.

And then the second thing, Bill, is be alarmed as you want to be if it's not your favorite politician, but assume it's your favorite politician, whoever that might be. How about Whitmer? Shapiro? They come in. I don't want them to have it, either. Why? For the same reason. Number one, what it's looking past, what everybody's just looking past, is I challenge you, go and look at every major instance of government failure, of poor government performance, even malfeasance of Teapot Dome proportions, whether it's Medicare overpayments or whether it's the Hubble Space Telescope. And tell me where that performance failure occurred. And I'm going to tell you that in 99 out of a hundred cases, it occurred in the chain of implementation from the bureaucrat all the way down the proxies, the contractors and the grantees. It's always down the chain.

It's really difficult to measure, it's really difficult to manage a long chain, a long implementation chain. And it's definitely difficult when you are basically under political pressure constantly to defer to the contractors because they're the ones that have friends on Capitol Hill who call you in to answer why you haven't done exactly, fully, and precisely what they want you to do.

So if we're interested in, we've had the Government Performance and Results Act of 1993. We had the Modernization Act of 2010. They did some good. We had the Clinton-Gore Reinventing Government National Performance Group. It did some good, but the real need for civil service reform, what we should really be focusing on if we care about the public interest and the common good and also protecting the procedural safeguards, the old saying of the late great Herb Kaufman of Yale about red tape, "One person's red tape is another person's treasured procedural safeguard."

We care about... the bureaucracy is the hands and feet of important democratic public purposes. I know that sounds rather schmaltzy, but I really believe that we care about that. Then we want to be able to have a government performance as the focus. Are the policies being translated into action, to the extent you can determine what the law says, the way Congress writes laws these days and has been for the last 50 years? Is it being implemented in an ethical and effective fashion? Are we trying to make government—to go back to Clinton-Gore—work better and cost less? Why do we have these persistent failures and these cost overruns?

I submit to you that you will not find the answers to those questions by looking for malfeasance and poor performance within the federal civil service. But you will find it outside. You will find it in the real deep contractor state, which is in that proxy chain.

BILL KRISTOL:

And I think what would make it worse, for me when I was in the Education Department, it was useful to be able to say honestly to members of Congress who called up or influential friends of big shots in the White House, or I don't know, I'm making this up, but Ronald Reagan's third cousin or something, "I've looked at that and I can't do it. I mean, there are these laws and regulations and we just can't do it."

And to the degree you weaken that infrastructure, which is another word for red tape perhaps, and for excessive constraints, you might say, on politically appointed types, it also weakens, though, the checks on the outside, kind of just government becoming a plaything for every outside group. That's one point I'd make, which you should obviously feel free to comment on.

The other one is I would say we've been... your examples have been sort of EPA, Department of Transportation. I think that's the bulk of the workforce. But you get to Department of Justice and to some degree Defense Department, depending on what kinds of, or intelligence community and stuff, they're a little bit set up differently often because they are more sensitive. But the constraints that have built up over the decades there I think are pretty important. They were post-Watergate in many cases. Again, maybe they went too far in some cases. People should take a fresh look. But we know what happened or what Nixon tried to do in Watergate.

And I do feel like part of this, I don't know if this is literally part of the Heritage schedule after proposal or part of the impulse behind it will also be to remove all these constraints. I mean, the number of lectures I got when I became Vice President Quayle's chief of staff, that I couldn't call the Justice Department at this. I couldn't even ask about the status of a criminal investigation. Even if I happened to know John Blow out there who seemed like he was getting

unfairly investigated, I could put in, I could have a formal, maybe someone else could submit a formal request for review. I can't even remember if we were allowed to even weigh in on that. I don't think so.

So anyway, I just feel like the whole, you get to a kind of rule of law, use of the sensitive powers of government issue. It's a little bit beyond EPA favoritism to a crony.

JOHN DIULIO:

No, I think you've said a mouthful that's true. They're also a couple of principles here that are put in jeopardy by this proposal and by concomitant proposals, "Schedule F-light" proposals, I call them. The first principle, which we've pretty much accepted for the last 140 years, is that federal government employment should be awarded mainly, if not solely, on the basis of merit, as demonstrated through performance on competitive exams. And the second principle is that it's presumptively against federal law to hire, demote, or fire people as federal employees for political reasons, period.

Now we don't need to go through the history of the Hatch Act of '39, all that. I agree with the Brownlow Commission during President Roosevelt, 1937, issued this famous report, Lewis Brownlow.. "the president needs help." And the president does need help. He's got help. He's got 4,000 people. But what the president doesn't need and shouldn't have in our constitutional system of separate institutions [inaudible] is control. The president does not need control.

If you're interested in reforming the civil service, and let's stipulate, as the lawyers say, that there is bias, that there is a leaning, that there have been egregious and unacceptable cases, let's just stipulate that that's largely true. Why is the answer to that to get a gang of 10, 20, 30,000 people to go in, and then with all of the costs, with all of the multiple and competing values at stake here, the balance, upsetting that balance, why not go to the front end and say, okay, what that tells me is we need to have a heck of a different system in terms of who gets hired in this system and what you're going to hear... Let's screen, let's make sure that we have people who are genuinely competent. Let's make sure we try to recruit people who are more likely by all kinds of various personnel classification, test measures, more likely to be, if they're green eye shade, let them be green eye shade, not blue eye shade or red eye shade. Let them be green eye shade. I shouldn't say that because of the Green Party. Let's make it orange eye shade.

But the bottom line is it's doable. Those kinds of reforms have often been suggested, they've often been tried, and it always breaks down. They're always superseded by something a little more dramatic, like most dramatic than schedule F. And I think that it's unfortunate that in Congress you always had a group of people who didn't get many political rewards or points for it. I mean, whatever you think of the late Senator Roth of Delaware who was behind the '93 Government Performance Results Act, you had people in Congress in both parties who cared about the character and quality of the federal civil service and quality. They really did. And they came forward and they tried. And we've had a dozen commissions. You had the late great Paul Volcker, former chairman of the Federal Reserve, who led the Volcker Commission in 1990 and put out a series of really thoughtful, good reforms, most of which were totally ignored.

We don't have that now on Capitol Hill. There really isn't a good government public administration caucus. There just really isn't anymore. And that's a real problem. So if it becomes, the bureaucracy, if the federal service and the battle over unionization, which again, I have an argument in response to that. I mean, yeah, it's true. Presumptively back in the day, there wasn't government employee unions, they weren't a big part of the equation either in the federal service or at the state and local level. Now they are, they emphatically are, and there are good parts of that and bad parts of that. I admit there are good parts, there are bad parts.

If that's really what we want to fight about, let's fight about that and not have that bound up with all these other issues. Because if you do this version of schedule F, what you're going to have unequivocally is hostile takeover after hostile takeover. And there can be no long-term planning. You're going to cultivate people who are essentially just waiting for the next administration to come in and change everything over. You're going to have people not waiting

for permission slips, but you're going to have people doing nothing because nothing is the safest thing to do.

It's a very, very bad way to go. There are all kinds of far-reaching reforms that one could contemplate. I mean, nobody should deny that the federal civil service system needs reforming, changing. It can be hidebound, all that, but this is a cure worse than the disease, frankly, in my view.

BILL KRISTOL:

That's very interesting. And I think I want to ask you a little bit about the reforms. The funny thing, the funny thing, the ironic thing about the discussion I suppose, is that you've been in favor of civil reforms forever. You've spent a lot of time working and have consulted, I believe, on some of these informally, at least on some of these efforts for reinventing government and so forth. But just to put a pin in the risks of the Heritage type approach, yeah, I mean, you can use this. There are sclerotic companies that have been presided over by—I'm using this in the private sector [inaudible] area—by the same types of CEOs for 20 years, and they're kind of behind the curve and don't work very well. They could some shaking up, a new CEO, some new division heads, some different rules for who you hire from the outside perhaps and so forth. But that's I think the kind of thing you've been thinking about, and we'll get back to that in a second.

There's then the sort of corporate raiders come in and we're going to sell off the parts of it and gut it, and that's problematic. But maybe ultimately it works out okay in the private sector because they sell off parts to other companies. It's not like they're not, what am I trying to say? Exercising, administering the rule of law. They're not running the CIA and the NSA. They're not in charge of the United States military and a president who might invoke the Insurrection Act. But so whatever you think of corporate raiders in the private sector, it's very different from having that spirit in the public sector.

But then you go beyond corporate raiders to criminal syndicates, let's say. You're talking about the ratio of one to 80, one to 40. This is one to one, right? Everyone is basically just, it's loyalty. The rest of it is kind of, you prefer to have more competent loyalists who can carry out the crimes better than others. But the key is the loyalty. And I feel like there's even the risk of sliding towards that with this proposal and some of the key agencies actually, not even to the kind of dysfunctional corporate raider model applied to the public sector. So again, I come back to the downside of it just seems to be so much greater than the upsides.

JOHN DI IULIO:

It is. The downside is greater, far greater in my view, in fact, emphatically so. But I'll say to you just again, little facts, facts don't necessarily matter as much as they used to, if they ever mattered as much as I thought they did. But during the GOP primaries, you had different candidates outbidding each other for how many federal bureaucrats they were going to eliminate on day one, quote unquote, a hundred thousand.

So I did a little calculation and showed, why don't you eliminate the whole thing? You get rid of all two million of them, you'll save about \$300 billion. Nobody, it's going to be an interesting day, the next day when you have to store nuclear waste or figure out how to regulate pesticides or send grandma's Social Security check out, but let's just get all of them. That's under five percent of the annual federal budget. So if you eliminate the entire federal stuff, just all of them, they're gone tomorrow, everybody gets a pink slip, and you save under five percent. I mean, it's just kind of ludicrous.

Then you consider the fact that, okay, who are these bureaucrats again? Who are these? Well, 50% of them are in two agencies. Pretty popular agencies, actually, with conservatives as well as most folks, the Department of Defense and the Veterans Administration. It's 50% of these two million people. And then you have to get down pretty far before you get to the smaller agencies, especially the Department of Education has nine people, and it's a small [inaudible].

But when the Clinton-Gore administration—I was a big supporter of Vice President Gore in particular, I thought he was terrific, especially on these issues—When they came out with their

reinventing government proposal back in the early nineties, I was at Brookings. I was the whatever, Douglas Dillon fellow or whatever, at the Center for Public Management with the great Don Kettl, and we went after it hammer and tongue. Why? Because we thought that while it was well-intentioned, and we had a lot of good friends who were in that White House, who remained friends after a while, you mend fences and all that.

But we issued report after report, starting with a book called *Improving Government Performance: An Owner's Manual*, where we just took apart the Clinton plan. Then when the Clintons came out with, and I say the Clintons, because it was really the then First Lady, as I need not tell you, with her healthcare plan, we did a report, several reports on healthcare showing that there was no possible way to administer that with their health alliances. Well, you could do it in Washington State. So that would be the only state that could actually administer it.

So I guess what I would say is I come at this, I mean it's Heritage and it's President Trump and so forth, so obviously you may have a different perch coming at it, but for me it's the same thing. There are facts here that are critical and important that are being left out. There are values here, multiple competing values that need to be balanced thoughtfully, and there are legitimate arguments to have about all of this. But it's a mistake, it's a bad mistake to set in motion a plan that had Schedule F been proposed earlier in the administration, President Trump's administration, had they actually acted on it and been able to act on it, do you have any doubt that in 2021 when President Biden came in that he would say, "Oh yeah?" And they would just layer in their people and so you have a new 20,000 or 30 or whatever the number would be.

It's a terrible way to go about, to create, to have the bureaucracy, so-called, the federal agencies become essentially a war zone, not a demilitarized zone because at the end of the day, I mean you could say it's the fourth branch and it's autonomous, you can say all that. It's not really true. And to the extent that it's true, there are ways of surgically going at that rather than taking really a meat cleaver to the agencies and to the competitive service.

BILL KRISTOL:

No, that's really well said. I think the last places you want to have be a war zone are defense and justice and so forth.

JOHN DI IULIO:

If I may add, just we live in an era of divided party government, right? We know that. I mean, it's rare to have the president and the Congress, maybe that's a good thing. And we know that it actually doesn't, at least the political science suggests it actually doesn't affect the legislative productivity. But what it does affect is administrative and in policy implementation. The war, when you have divided party government, it doesn't register as much in the policymaking realm as it does in the administrative realm, because that's where everybody goes to war. You lose. And this is where heritage is absolutely correct, it is the case, but both parties do it, right? Trump's in there, the Democrats throw everything and the kitchen sink at them with respect to the oversight. Biden's in there, the Republicans throw everything and the kitchen sink at them in the oversight process. And that's fair.

I mean that's like a prize fight with everybody stands up and there's a referee and there's rules and there's three knockdowns and so forth. This is a street fight. When you do something like this, all you're doing is setting up sort of a continuous street fight between the parties, between the liberals and the conservatives, the extreme right, the extreme left. Personalities will matter. Again, as I say, Woodrow Wilson, Richard Nixon, Donald Trump, I have a little more concern than with Al Gore, Barry Goldwater, etc. But I think that it's just a very bad idea and I wish that we could find a way to come reason together to find the responsible. The Venn diagram of we all agree, for example, when certain things are wrong, can we work on that first and show good faith? I think there are people, I really do think there are people, including folks who very strongly support the Schedule F plan, or at least parts of it, who are serious about trying.

They really do believe they're trying to do good, I'm not saying that the principals or the political folks involved, but the people who dedicate a lot of their lives to thinking about these

issues. And then there are people on, I mean I am a big supporter of unions. I mean, I'm not as crazy about public employee unions as I am about private ones, but we are down to 6% at private unions and all these kinds of crazy mandatory arbitration agreements that squeeze workers rights. So I'm clear about that, but I'm happy to have a discussion about unionized public. There is a lot of problems with it. I mean it shouldn't just grow and grow. I agree with that, but let's have that conversation rather than basically we win, you lose. To the victor goes the spoils was never really a good idea.

BILL KRISTOL:

Not if you want to have an ongoing functioning civil society and government and society. Let me ask you one last, this really excellent broader point that you just made though. So if we're speaking on July 3rd, totally of course, just now making, [inaudible]. So if President Biden withdraws in a week or two and your governor Josh Shapiro becomes the president Democratic nominee and he calls you up and he says, "Okay, John, Trump's getting some traction with all these attacks on public sector." Everyone has had some experience where government doesn't work as well as it should. They tend to, people blur in their own minds, of course, local state, government and the federal. So it's the DMV's is horrible, it's like actually that's not the federal government's fault probably, but whatever.

But he says, "I need sort of three points that are intelligible to people of how I'm going to reform government. I'm not just a status quo guy. Biden, you can portray, he is the incumbent after all. So he's sort of the status quo guy by definition. But I'm Josh Shapiro. I'm a young reform governor." I know the actual reform proposals will be complex and administration is such an important part of it and execution. I think that's an important point you've made in passing that people just wildly underrate any points of that as opposed to the concept that we're doing. But is there a way, would there be two or three bullet point headlines as it were for Josh Shapiro?

JOHN DI IULIO:

Well, on that happy day, were that happy day to come, I think the first thing I'd probably tell him is, "Governor, you got the wrong broken down, old professor, sick old professor. Call the great Dr. Don Kettl there in Austin, Texas." But I think the three points would be, first of all, you have to have a fundamental overhaul of the civil service competitive exam hiring process. People have talked about that for years. Changes have been made, but it is still about matching the person to the job and the person to the agency. And that still doesn't work very well. It's clear that the Social Security administration needs help. That the Social Security Administration is doing a whole range of things now that it didn't do 10, 12, 15 years ago. And it's doing it, frankly, under greater stress. You need people who can... you need to basically have a more targeted, more, if you want to put it this way, surgical approach to federal hiring and deployment of people, right?

That's the first thing. So get rid of these kind of skills job mismatches that are everywhere. Once you get somebody there who's layered in and you have somebody over here in a different agency, you can't just move them, say, "Well, look, you're way better billed to do this than John is, so we're going to switch you around." And that's where the legitimate, I don't know, my union protections, I've accumulated the civil service protections. So you need more flexibility. There's no question you need to overhaul the front end. Then to jump to the back end. There has to be, at some point, somebody needs to seriously take a look at the hundreds and hundreds and hundreds of billions of dollars a year that are going out in federal grants and contract and ask the innocent question, what are we getting back for it all?

Now we have the great Government Accountability Office. I think they're spectacular. The Congressional Research Service, they do a very good job, but nobody reads these reports and nobody much cares. And they are kind of, it's one of the greatest resources. By the way, if you want to learn about how federal government today works, just go and read all those GAO reports. You'll be, you may find something more interesting to do in a few minutes after you begin, but they are spectacular. That said, what we haven't had ever really is a proposal to go through and systematically look at how the contracting process works, what the criteria are for

renewing contracts. And I'm not, by the way, I mean President Eisenhower was absolutely right when he warned about the military industrial complex, but there's also a nonprofit industrial complex. There are entrenched interests here. I'm not saying they're all bad people, who the same groups and same organizations, whether it's the big, big defense contractors or the relatively medium sized nonprofits get the grants and contracts constantly.

Part of the whole initiative for Faith-based was to break that up a little bit with respect to social service delivery. There were people who were being left out unfairly, unconstitutionally, who could do a good job, do more and better with less. So you got to look at the contracting process and you also have to make it, and I think this is the third thing, is it's a bad idea and this is where the late great Paul Volcker, when he turned 90, we had, there was a conference in his honor and he was a great friend of mine, a tremendous regard for him. We put out a volume in his honor. He died shortly thereafter. But a lot of focus on the part of people who really study this for a living has been on the ways and means of trying to get a handle on what happens in the day-to-day of it in a given federal agency. If you look at the Department of Transportation or you look at the Department of Energy, you'd be shocked at how it actually works. 90 plus percent of what, say the Department of Energy does, is contracted out. 90 plus percent of every dollar they get goes out the door. Now that's not prima facie a bad thing, but how do they do that? How do they know? So there needs to be a, I hate to go back to case studies, which people like you and me probably like more than some of the other stuff that you get in political science, but you need to go back and do what the Brookings institution did. Geez, almost a hundred years ago, as the new deal was being put into place, there were these studies that were done agency by agency or proposed agency by agency to really look A to Z and Z to A. Now at that point, Governor Shapiro has already hung up the phone and called somebody, called somebody else. He's like, "This guy's totally useless."

But those are the things I would do. You got to look at the front end, the back end, and in the middle, so to speak. And there is no appetite right now on the part of anybody I know in Washington, for the first time, really in my adult lifetime, I would say that, it's always been true that these issues have not been top line issues and they only get attention when there's a scandal or the Hubble Space Telescope or something bad happens. When the catcher drops the ball, so to speak. And most of the time nobody pays attention. But there had always been people, there aren't anymore. I mean that's an important part of this because the White House, the Biden White House, and the thing that I mentioned, the workers forum that they did, the organization that they created in year one to push unionization, I mean that was a political effort, obviously more than anything else.

Didn't really spill over into anything positive by way of, "Okay, let's think about what we do with these people or why do we really need [inaudible] about this." The last serious effort we had really was the Clinton-Gore effort, and they did make our mutual friend Steve Kelman, for example, at the Harvard Kennedy School, you can credit Professor Kelman with making and engineering some of the most important reforms in procurement and purchasing, saved, by now I wouldn't be surprised if it was in the hundreds of billions, if not trillions of dollars by virtue of changing that hidebound procurement system.

So I would love to know, for example, what the candidates would have to say if they were asked the question that you just asked. If you can't, and the answer can't be Schedule F or [inaudible]. It has to be something else. I don't think they have anything to say, because no one's really paying attention to this.

BILL KRISTOL:

You think, just last question, I think I said that would be the last one. Let me ask you one more and we can give it a short shrift. There's not much to say. Is more of this happening at the state and local level, or is it also there kind of bogged down and sort of [inaudible].

JOHN DI IULIO:

No, I actually think, here's the great thing about our [inaudible] or laboratories of democracy days, and this is one of them in this field, despite the fact that the federal government has had

nothing but woes for the last many years, I'm not going back through, I'm talking about not just Trump, Trump, Biden, and even frankly, end of the Obama years, at least after 2010, not a whole lot of wonderful things happening. The state and local governments have been by and large innovators, they've been trying stuff. They've been figuring out ways to do better and make things cost less. They've been much more open, frankly, in a funny way. They have come around to the idea that you need to look for a much more diverse set of contractors and grantees. It's not that anybody put out a press release or made it a book, but it's happening.

And you talk to people who study state and local government and you'll hear pretty much the same thing. That it's been a period of innovation and experimentation. Now, have all the experiments been successful? No. Are they still trying? Yes. But you see an interesting phenomenon with respect to cost consciousness and focus on government performance and results. That I think, for me at least, is sort of the old Rockefeller Institute for Government at SUNY Albany that the late great Dick Nathan used to run, has always been one of the places that did those kinds of studies and they're still doing them. But there's a lot more interest in state and local government now on the part of a lot of diverse scholars, I would say, and also much more interest in jobs like who's the city managing director of Omaha or Philadelphia and what are they doing?

So I'm much more optimistic about the state and local level. But of course, Bill, to conclude, you can't do state and local without the feds because almost everything touches intergovernmental. And so if the federal government catches a cold, the state and local governments may catch pneumonia. How the feds go, so goes, for good or for ill, so goes a lot of state and local public administration. Which is why we just can't struggle, say "Oh, the heck with it." Schedule F, not schedule F, you got to pay attention to if you care about good government in any way.

BILL KRISTOL:

That's an appropriate note end on. This has really been fascinating, John. Really terrific. And not boring at all.

JOHN DI IULIO:

[inaudible]

BILL KRISTOL:

...contrary to your warning. So John DiIulio, thank you very much for joining me again today.

JOHN DI IULIO:

Thank you, Bill.

BILL KRISTOL:

And thank you all for joining us on *Conversations*.