

# Needed: A New Public Administration Ethos

by Douglas J. Amy

Imagine the following scenario: a new president comes into office and announces that he will appoint a dedicated pacifist to head the Department of Defense and a mafia lawyer as Director of the FBI. What would be the reaction? Many in the public would be outraged and the media would go into a feeding frenzy.

Farfetched? Perhaps. But President George W. Bush did essentially the same thing: he routinely appointed officials whose political philosophies were in direct contradiction to the missions of the agencies they were charged with running. Many of his appointees arrived at their jobs in regulatory agencies with an explicitly anti-regulatory ethos. They shared Bush's view that capitalist markets are self-correcting and that corporations can be trusted to promote the public interest.

Following this ethos, they worked to roll back regulations and to weaken enforcement efforts. This was exactly the course pursued by the Bush officials charged with overseeing the financial industry. Speaking in 2006, Bush Treasury Secretary Henry Paulson argued that "the solutions to our nation's problems are not always found in Washington." And he maintained that one of the two main threats to financial markets was "excessive regulation."

At the core of this perspective is the idea that regulation of financial markets should be "voluntary." As traditional financial regulations were being stripped away, we would simply rely on Wall Street to police itself and thus protect the public interest. We now know that this was a fantasy and that this de-regulatory approach led to the mortgage loan fiasco and the resulting severe economic crisis. Even Bush's head of the Securities and Exchange Commission, Christopher Cox, had to admit in the fall of 2008 that, "The last six months have made it abundantly clear that voluntary regulation does not work."

Regulatory disasters like this also make it clear that we need a very different ethos from our public administrators in these regulatory agencies. We need a perspective that explicitly rejects the idea that markets are self-correcting and that what is good for corporations is good for the public. We need a regulatory ethos based on reality, not wishful thinking. We need to

realize that our economic system is prone to "market failures" – where the actions of corporations often undermine our common interests.

These failures are not rare, they are frequent. And they are the reason why we have seen the growth of regulatory agencies during the last 100 years. Corporations cannot be trusted to provide safe products to customers, to pay livable wages, to clean up their pollution, or to provide safe workplaces. This is not because the people running corporations are evil and greedy; it's because the rules of survival in our capitalist system force businesses to put their own profits before what is good for the public.

Recognizing these inherent problems in our economic system is not to be "anti-business" or "anti-capitalist" as some conservatives would charge. Awareness of the need for corporate regulation is no more "anti-business" than recognizing the need for seat belts and car inspections is "anti-car." It is simply a recognition that one of the main purposes of regulation is to promote the public interest when business and markets fail to do so.

Government workers need to explicitly embrace the notion that government has a legitimate and vital role to play in our society — that the task of regulation is not simply a necessary one, but is actually a noble endeavor to protect and promote the welfare of our citizens. Government regulators — when they are doing their job right — are making America a safer, fairer, and cleaner place to live for all of us.

Americans need to demand that its government workers have a pro-regulatory and pro-public interest ethos. Corporations would quickly fire any executive who didn't think that increasing profits was an important part of his or her job. And we should not tolerate the appointment of public administrators who deny that the government has a large and indispensable role to play in correcting the failures of business and the market.

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photo: Capper

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