



Interview with The Honorable David Walker, Former Comptroller General of the United States
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PETER LEVINE: I'm Peter Levine, the Director of the Defense Management Institute. And we're here today to begin a series of interviews with individuals who've made significant contributions to improving the management of the Department of Defense. We begin today with the honorable David Walker, who served as the seventh Comptroller General of the United States from 1998 to 2008. As Comptroller General, Mr. Walker played a key role in modernizing the Government Accountability Office (GAO) and focusing the GAO on critical issues important to government management. Mr. Walker has also served in the public sector as leader of the employee benefit security administration as one of two public trustees for Social Security and Medicare, and is a distinguished visiting professor at the US Naval Academy. He served in the nonprofit sector as, the president and CEO of the Peter G. Peterson Foundation and as president and CEO of the Comeback America Initiative. And he has over 20 years of experience in the private sector with Arthur Anderson PriceWaterHouse and Company and Coopers and Lybrand. It is no exaggeration to say that David Walker has devoted virtually his entire career to the mission of making the federal government more efficient and more affordable. Mr. Walker, welcome.

DAVID WALKER: Peter, thank you for the opportunity. I really appreciate it. Good to see you again.

PETER LEVINE: Well, we're delighted to have you here today. Can we start with just the question of what brought you to the public sector? What brought you to the government after what must have been a very successful career in the private sector?

DAVID WALKER: Well, I'm a big believer that everybody ought to do some type of public service. It could be in the military, could be as a civil servant, could be as a presidential appointee, could be in the not-for-profit sector. Or it could even be some type of critical occupation where the economy needs more people to deal with that area, whether it be education or health care or whatever. In my case, I had appointments to the Naval Academy and the, and the Air Force Academy, but I couldn't go because I have a bad left ear. And as a result, I had planned to be career military in particular, I wanted ideally to make it to Marine Corps General and you know, through an aviator route, but that was not possible because of my ear. And later on, I was offered an opportunity to come into the Reagan Bush administration at the Pension Benefit Guarantee Corporation which I took. I thought I'd be there for two years and I was there longer and then I went on to the Labor Department. And so it really comes down to service above self. And I'm also a Rotarian and that's one of the big themes of rotary, it's service above self.

PETER LEVINE: What surprised you most about government coming in at mid-career. What differed from the private sector or what differed from your expectations?

DAVID WALKER: Well, there are a lot of differences, I'll just mention a few. First, the lack of strategic planning. And to this day, the US government still does not have a forward-looking risk and opportunity-based, results-oriented, resource-constrained strategic plan. It has an annual budget, but that's not a strategic plan. Importantly, without a strategic plan, you're really not going to maximize your effectiveness: economy, efficiency, effectiveness. In addition, without a

strategic plan, our competitors have an advantage over us. In particular China, who does have a strategic plan that focuses on economic, diplomatic, military, cultural, and other perspectives as evidenced in large part by their Belt and Road Initiative. We don't have a plan. So, without a plan, all you have is prayer. Don't get me wrong. I'm for prayer, but I'm for prayer and a plan. So, the first thing is a lack of strategic plan. The second thing is, is government tends to be risk averse and government tends to be very process-oriented rather than results-oriented. And so those are big differences and the obvious difference is, the private sector has a lot more quantitative measures that it can go by, market share, gross margin, net profit, earnings per share, total shareholder return, et cetera. You don't have that in government. In government, typically the mentality is get the money, spend the money. And so those are some of the differences.

PETER LEVINE: As Comptroller General, you had a unique viewpoint from which to look across agencies and across the federal government. You just talked about some of the weak points in federal management. I wonder if I could throw you a curveball and ask you if you see any strengths?

DAVID WALKER: Yeah, I mean there are certain things that the private sector can't do, won't do, shouldn't do, ok? And, there are certain responsibilities that have to be done at the federal level such as National defense, air traffic control, and things of that nature. So I think the government has improved. As you know, Peter, my predecessor, Chuck Bowser, may God rest his soul, he passed last year. He started the high-risk list, and DoD is prominently represented on the high-risk list I might add today. But there have been some improvements since then. There are a number of things that have come off the high-risk list since then. We have the CFO Act, we have the Government Performance and Result Act, we have the Chief Human Capital Officers Act. We have a number of things that have tried to institutionalize improvement in management

throughout government. Various agencies have done better than others in trying to do that and, trying to deal with those challenges. But I think we're better today than we were, but we still have a ways to go.

PETER LEVINE: You mentioned the risk averse nature of government agencies, and for folks who are in the executive branch, they tend to look at oversight mechanisms as one of the drivers in that. That would include Congress, it would include inspectors general. It would also include GAO in that. As somebody who's seen it from that side, how did you at GAO, or how do you think that an organization like GAO can do its important job without getting that kind of reaction and further driving a risk?

DAVID WALKER: Well, that's an important question. When I came into GAO, Congress was not happy with GAO. The agency had been downsized 40% in the five years before I came, they had a five-year hiring freeze. I was told by leadership in Congress that it was going to be downsized another 25 to 40% if I didn't turn it around. And, so one of my objectives in becoming a Comptroller General was to make GAO a world class professional services organization that just happened to be a wholly owned subsidiary of the federal government, that practiced what it preached, led by example, and was a key to transformational change in government. And we did, ok. First, we had a strategic plan. It (GAO) had been in existence since 1921, so we published our first ever strategic plan. We dramatically changed the organization. We eliminated a third of our offices, we eliminated a layer of management. We consolidated 35 units to 13. We focused more horizontally and externally rather than vertically. We changed our performance measurement reward system to focus on results rather than outputs, if you will, with a tremendously positive result. Those changes, by the way, are transferrable and scalable. But with regard to how we did our work, I reminded people that we were here to try to help improve

performance and assure accountability, but how we did that mattered and that we need to employ a constructive engagement approach. And by that, I mean, we need to get the facts, we need to report what we found, but we shouldn't all be negative. So in other words, if somebody is making progress, we need to acknowledge that. If somebody has a challenge that needs to be addressed, we need to point that out and make constructive recommendations as to how to deal with it. But we need to have a constructive working relationship and to the extent possible, be more balanced in what we're doing. And that was a change in mindset; it was a big change in mindset.

The other thing that I recall is we had this high-risk list, right? And quite candidly, a number of the items on the high-risk list weren't just an issue of the executive branch. Congress was part of the problem. And Congress needed to be part of the solution. So, one of the things I did is, I said alright, for those items where Congress is part of the problem and Congress needs to be part of the solution, then we're going to put an asterisk on that item, and we're going to have some narrative in the report to point that out. And, believe it or not, I got a call from the Postmaster General thanking me for putting him on the high-risk list. But the reason he thanked me for putting him on the high-risk list was not because he was on the high-risk list, but because there was an asterisk: it said that Congress is part of the problem and they need to be part of the solution. That's the case in a number of areas of the Defense Department as well.

PETER LEVINE: You mentioned that a lot of the reforms that you made at GAO are scalable and could be applied across government or in other parts of the government. Are there specific lessons learned that you'd like to talk about that could be applicable to other parts of the government, to the Department of Defense, for example?

DAVID WALKER: Well, the Department of Defense is unparalleled in its size, scope, complexity and importance. But yet there are a number of things that can be applied. DoD needs

major transformational change. It has become a bloated bureaucracy. And there's going to need to be a special initiative where you have the attention of the Secretary and the Deputy Secretary, but you have a high-level executive that is focused full time on making major transformational change happen within the Department of Defense. It's going to be a several-year effort. I mean, it was a several year effort at GAO, and GAO was much smaller and much more manageable than the Defense Department. So, having somebody focused on it, having a plan with key metrics and milestone to be able to measure that progress, communication, communication, communication. Absolutely essential, including from the top. I had monthly, what I call CG chats, and said, "this is where we've been, this is where we are, this is where we're headed. This is where the progress we're making. This is what we're doing. This is why we're doing it." And I would get input, get suggestions, get recommendations from people wherever, so very, very interactive. And before we made all those office closures, I went to every office. We had a standardized approach that they could make their case as to why they were in a port office or why they should be retained. They sent that in, in advance. I reviewed all of those, but I went to every office and talked to everybody at group meetings in each of the offices and let them make their case and answer any questions before I made any decisions. So it's not just what you do but how you do it that matters.

And by the way, this doesn't just relate to management issues. I mean, one of the real concerns that I have right now is we're filming, you know, we've got this debt ceiling deal that's supposed to be voted on within the next week. And they made some modest progress and we clearly want to avoid defaulting on our debt. But our imbalance is so great between projected revenues and projected spending, that there's no way we're going to resolve that through the regular order. That's just not going to happen. And so we need a special initiative, I call for a

fiscal sustainability commission which is statutory that will end up engaging the American people with the facts of truth, of tough choices, solicit input as we did when I made changes at GAO. Solicit all this input, make a package of recommendations where everything's on the table for an up or down vote. That's what we need. You need a similar management-oriented effort without an up or down vote, because not everybody's going to be happy. OK?

In the Defense Department, I guess two other things I would say. So you need a chief performance officer at the right level, ideally with a term appointment, performance contract. You also need to do something with regard to Title 10 because I've seen Title 10 used as an excuse to stop DoD-wide needed management reforms. That should not happen. When you have to end up making transformational management reforms, you shouldn't be able to use title 10 as a basis to be able to prevent something that needs to be done that's for the good of the department and the good of the country.

PETER LEVINE: You mentioned the need for a senior management official of some kind. And that's something that you and I worked together on when you were a Comptroller General. And we went through an experiment in the Department of Defense, creating first a deputy chief management officer, a position in which I briefly served. And then the Chief Management Officer, and then Congress abolished the position. Do you have any insight from that experience or thoughts from that experience and how it impacts what the department needs going forward? What did we do wrong and what could we do differently to make it right?

DAVID WALKER: Well, first, as you know, I'm on the Defense Business Board and I've been on the Defense Business Board for many years either as an ex-officio member, non-voting member when I was Comptroller General or as an official voting member, including in the last two administrations. The frustration I have is that what was done to abolish the Chief

Management Officer was not consistent with what we recommended. What we recommended was the way that it had been implemented was never going to be successful. It didn't have a charter, it didn't have the right reporting lines, it had certain responsibility but not authorities. It was in the back, in the corner, in the dark. It was not focused on transformational change. I mean, in fact, the CMO spent a lot of their time focusing on COVID issues, which that's an important issue, don't get me wrong. But that's not transformational change, right? And, so I think what's necessary to be successful is you have to be at the right level. You have to be in OSD I think reporting directly to the Deputy Secretary. Somebody who has demonstrated experience making transformational change happen, but has some understanding of the Defense Department because it is very different, if you will. Focus full time on transformational change, including, but not limited to, the high-risk list that I referred to before. That has a term appointment. I would say ideally five years, a five-year term appointment because I think it's probably going to take that long, with a performance contract. And then some people say, well, what if we get a new secretary, a new deputy secretary? Look, if people don't get along with each other, this person isn't going to stay. But what you need is you need somebody who, absent some significant event, can be there long enough that people can't just wait them out. Because you know what the problem is in government, the top people in government are typically there two years, maybe three years. There are some exceptions, but that's typically what it is. And, so if people don't want to change and they don't like something that's happening, they'll just wait them out. In fact, a lot of the presidential appointees with senate confirmation are known as the temporary help; this too will pass.

PETER LEVINE: I have sometimes thought that one of the problems that the CMO faced, with CMO more than the DCMO, was that the expectations were so high. The high-risk list you've

mentioned covers most of the management functions of the Department of Defense, and taking on any one of those problems would be a huge multiyear effort. So, it had been my theory that trying to focus on all of them at once was a losing proposition; you couldn't get there. I wonder what your reaction to that was?

DAVID WALKER: You're exactly right. You can't do everything at once, ok? You have to have a plan that is broad, that encompasses a broad range of issues, but you need to set priorities. And you need to be able to show that you're making progress on that plan based on those priorities. It took a lot of years to get it that way. It's going to take a lot of years to get off, right? But let's face it, the high-risk list has been around for 20 years. And a vast majority of the items that relate to DoD are still on it. But all the more reason why you have to have a qualified person at the right level, they're focused full-time, they're long enough in order to make real progress.

PETER LEVINE: Let me change gears slightly and ask you about the financial audit. The financial audit is a huge issue for the Department of Defense because it's the only federal agency that still has not achieved an auditable financial statement. I have had concerns about the amount of resources the department plunges into the financial audit. I thought that the approach the department took a few years ago of saying we're going to wait till we're audit ready before we undergo an audit was a wise one. I'm not sure that they're audit ready today, although they're trying to audit. You saw it from a completely different angle being at GAO as, in a sense, the chief accountant of the federal government. What's your view of the place of the financial audit in the management of the department and the importance of the audit?

DAVID WALKER: Well, first as Comptroller General of the United States, in fact I was the auditor General and the Chief Accountability Officer of the United States. My view is the audit is a means to an end; it's not an end in and of itself. Our objective should be to operate in an

economical, efficient and effective manner, consistent with applicable laws and regulations and the overall priorities and philosophy of the leaders and the administration. DoD has thousands of non-integrated information systems. Those informations are used for multiple purposes, including financial management. And those have to be rationalized. DoD has made some good progress in trying to create a summary database to try to access some of that information for decision-making at the highest levels, and they continue to make some progress on that. My view is that the only thing that the American people really care about is an opinion on the consolidated financial statements of the US government. I don't think they really care about whether or not you get an opinion on HUD or whether you get an opinion on DoD or whether you get an opinion on the Transportation Department. But in order to get an opinion on the consolidated financial statements of the US government, you can't ignore the Defense Department, because in accounting, there's something called materiality, right? And there's no question the Department of Defense is highly material to the consolidated financial statements of the US government. And so that's got to happen.

My personal view is that GAO ought to assume responsibility for the audit of the Defense Department because using, obviously the IG and using outside auditors, because they're the ones that ultimately have to decide when DoD is ready. They're the ones, and I would have been the one that had to put my name on the audit report once DoD gets to the point where you can give an opinion. I also thought that DoD tried to get opinions on too many different entities. And to me, the objective is to get an opinion on the consolidated, you need to work horizontally, or by line item and vertically to get to that. And you may want to demonstrate that a certain service has been successful to be able to show that you're making progress. But in the end, it doesn't make sense to have opinions on all these subunits. It just costs more money and the degree of

materiality of what it takes to cause a problem is a lot lower. Whereas the degree of materiality, if you're looking on the consolidated DoD, is a lot less. I've also had recommendations, and I'll leave it at this, that have been published about some changes that I think would be appropriate with regard to a financial reporting for the Defense Department that would make it easier for them to get to the point where they could have an opinion on the financial.

PETER LEVINE: You mentioned the hundreds or thousands of different business systems the department has and the difficulty of getting them to work together and to produce sound data. Again, that's something that you and I talked about many times when we were both in government. And while you were Comptroller General, the department went through this period of trying to develop a business enterprise architecture and seemed to finally decide that it was too complicated and they never figured out the...

DAVID WALKER: They spent a lot of money on it though.

PETER LEVINE: They went through a period of putting in ERPs, enterprise resource programs, which were supposed to solve the problems. But each had enough unique features that they covered a small enough part of the pie that they didn't solve the problems. Is it possible for the Department of Defense to get to an audible financial statement without solving its systems architecture and systems problems?

DAVID WALKER: It needs to solve its systems, architectural issues, at least as it relates to financial management. ADVANA is the system that I was talking referring to before, where they're trying to take information from a range of information systems, and use that for enterprise-wide decision-making, if you will. And they're making good progress on that. But ultimately, you have to have timely, accurate and useful information, not just for financial

reporting, but to make informed decisions on a day-to-day basis. If you have timely, accurate and useful information: financial, operational, whatever, then the audit's not that tough. But they also need to work on their controls, internal controls, as well because they have a number of major control weaknesses, but systems are fundamental. You've got to have systems that provide timely, accurate and useful information.

PETER LEVINE: So, without being an expert on ADVANA, I would have said that it is something that brings current information to decisionmakers, so it's very helpful for that point of view: bringing information into one place into one system so it can be looked at and can be analyzed. But it's my impression that it doesn't solve the system problems because it's dependent on the information that comes to it. And so when you talk about controls, you need controls on all those other systems that are feeding ADVANA in order to solve the problem.

DAVID WALKER: That's correct. We've all heard the saying garbage in, garbage out, right? And so that's where you have to have controls with regard to the data that's going into the systems that's being pulled in order to be able to make that decision on an enterprise-wide basis. And the department is well aware of that.

PETER LEVINE: I don't want to ask you an unfair question.

DAVID WALKER: Wouldn't be the first time (Laughs).

PETER LEVINE: One of the issues the department has faced with information systems is that, as the department tries to modernize, it wants to buy commercial systems and it's much more effective by commercial systems to take technology that already works rather than trying to design your own. But then the department has so many unique processes and so many unique needs that it ends up tailoring these systems, and undermines the purpose of buying commercial

technology in the first place. So without wanting to be unfair to you, is that a problem that's solvable? How do we go about getting past that problem? Because it's something we've been fighting for a period of a couple of decades now. And I'm not aware that we've really reached a happy solution to it.

DAVID WALKER: The first thing you have to do is rationalize the processes, because information systems are based on gathering information from various processes. So you need to streamline, simplify, and to the extent appropriate, normalize those types of processes before you try to put in any type of new information system, if you will. Because you're right, we ought to use commercial, off-the-shelf to the maximum extent possible. But there's a tendency of any organization, in particular, the DoD, to say we're different.

I remember as an example, I didn't relate to an information system, but you'll get a kick out of this. When I testified before Congress one time about procurement in the Defense Department. And there were some systemic problems, many of which have made progress, but there's a ways to go. That's a typical GAO report: progress made, much remains to be done, right? We had something that I referred to as the war wagon. What the war wagon was, it was a trailer, and there was money left over near the end of the year. And of course, you know, you can't not spend the money: get the money, spend the money. So, the army decided, well, we're going to buy a bunch of trailers because we need trailers to hook onto the Humvees. But they couldn't buy commercial, off-the-shelf; "We're the army, we're different. We need something special," right? So, they customize this trailer. Well, there were only two problems with it after they bought hundreds of them. Two problems. Number one, either A) didn't stay hooked to the Humvee, or B) it did significant damage to the Humvee if it did stay hooked to it. So, you had hundreds of these things sitting in a warehouse not being used. That's an example of "you're not

as different as you think you are.” And we really need to, to the max extent possible use commercial, off-the-shelf. And you have to rationalize your processes: that's really step one.

PETER LEVINE: I appreciate that point. I've had the concern that the department and perhaps the federal government in general tend to look to technology solutions when technology isn't the problem, the process is the problem.

DAVID WALKER: Yeah, and I would agree with that. I also would come back to something I said earlier. The mission of the Department of Defense is to provide for our national security; to be able to try to prevent war, but if war comes, to win the war. And it is very, very mission focused. But in order to be successful there, you got to have a good mission support operation too, right? The problem is, is that the mission side, which if you refer to the military capabilities, is shrinking. And the mission support sides, which some people refer to as the tail, has grown dramatically.

Another example of rationalizing process: you've got to rationalize the bureaucracy. It is way, way, way too big. I remember when I had the good fortune to attend Capstone, which is for new generals and admirals back in the early 2000s. I remember one 4-star who will go unnamed because that's part of the agreement. You can talk about what was said, but you can't say who said what. (He/she) said that in order to activate and deploy 15 members of the guard or reserve at that time, 25 different units within the Pentagon had to sign off. Now, there's a difference between FYI and sign off, right? But why do you even have 25 units looking at this thing? So, one of the things that really has to happen is to kind of re-baseline what you need versus what you have, come up with a delta, and figure out how you're going to rationalize. That's what I did at GAO. Because when we left, we were 13% smaller, but over twice as productive and over three times the performance-based results.

PETER LEVINE: You mentioned with your experience at GAO that you had to prioritize and decide what you're going to take on first. If you were looking at the Department of Defense, what would you take on first on the management side?

DAVID WALKER: Well, I think rationalizing the bureaucracy is absolutely critical, and it really ties into some of the things that you and I are talking about. You've got to focus on the processes and then you've got to rationalize the systems. Too many players, too many layers, too many customized approaches.

PETER LEVINE: What do you think the department can do to better position itself to address future management challenges to put itself in the best position going forward? Is the organizational issue you talked about with, with the chief officer the most important?

DAVID WALKER: I feel very, very strongly, and I know GAO does too, that we need to learn lessons from others; That includes other democracies. For example, the United Kingdom, Australia, New Zealand as an example. They have something like a chief performance officer, who may or may not be a political appointee, but is at a high level reporting directly to the secretary, in the case of DoD could be the Deputy Secretary, who's focused full time on transformational change, operational management issues. Now, as you know, in parliamentary systems like the UK and Australia and New Zealand, the minister is also in Parliament. So, they are wearing a dual hat, right? So, in their system, they really want somebody who's focused as the chief operating officer with continuity. And they have performance contracts, they have term performance. I think we need something like that.

PETER LEVINE: I want to ask you about what advice you'd give people going into this situation, in positions where they can make a difference. But because of the unique perspective

you have, I want to ask you in several tiers. I want to ask as somebody who's going in as a member of Congress, who's perhaps going to sit on the Senate Armed Services Committee, or the House Armed Services Committee, somebody who's going into a senior political position, and then somebody who's going in at an SES level, at a management level. So, I ask you those one at a time: what kind of advice would you give that person in terms of the way they should approach the management issues or think about management?

DAVID WALKER: Let me talk in general, like Congress. Congress is part of the problem, it needs to be part of the solution. My concern is that the debates that we have about Defense Department funding are very superficial. If you're for defense, you want plus up the budget. If you're not for defense, you want to cut the budget, that's overly simplistic. The fact is that you need to look underneath the hood. We have enough resources, but we're not deploying those resources properly. Rationalizing the bureaucracy is absolutely critical. But in addition to that, Congress sometimes tries to micromanage, in particular, with regard to weapon systems and other types of procurement activities that they want certain things done because they have a vested interest. The company who's making it might be in their district or employment in their district or whatever else. I mean, I remember the F-22, there were 49 states that were providing some type of product or service dealing with the F-22. And I'm going to myself, well, who's the 50th? I mean, somebody got left out. And so we need to look much more thoroughly and under the hood.

The other thing is we have to recognize who our real threats are, who are the current and emerging threats, and are we well aligned to try to be able to deal with those current emerging threats? So those would be some thoughts with regard to Congress. With regard to somebody coming in at the executive level at the Defense Department. And so my view is the next

Secretary of Defense, whoever that is, and the next Deputy Secretary of Defense need to recognize some of the things that you and I have been talking about. And it needs to come from the top, and they need to take steps to try to be able to address the issues that we're talking about in a way that is sustainable within and between administrations. Because by definition, most secretaries don't last more than two or three years. Most deputy secretaries don't last more than two or three years. And I will say, Deputy Secretary Hicks in particular has been much more engaged in these kinds of issues in general and with regard to the Defense Business Board than any other one that I've seen in recent years. So, they're taking it seriously, but they're not going to be here forever, right? That's just the way it is.

And depending upon where else you're coming in, recognize there's a difference between your unit, or your service, and what's in the collective best interest of all of us. So don't be too parochial, don't just focus on your thing, but recognize you're a piece of a much bigger puzzle, and a lot of the challenges that we face cross these silos, cross geopolitical boundaries and we need to be coming at it on a cooperative and integrated basis. And what other level did you want?

PETER LEVINE: No, you've covered it. Let me ask you one other question. I want to ask you about the budget rules because that's something that you've seen over the years. There are reasons why we have them, and obviously with your career interest in reducing the deficit and the debt and the burden on the taxpayers. You've got an interest in these. But, there are concerns that the way we have the rules set up, we discourage investment, we encourage short term types of decisions. And some of that is played into by the way the rules are set up as to how we count, and we don't have a separate investment accounts, for example. If you're going to pay money up front, you may have to

DAVID WALKER: The way we keep score matters,

PETER LEVINE: The way we keep score matters. I guess my question is, how much of a problem do you think that is? Is it something that's solvable, that's consistent with the overall objective of keeping an eye on the deficit and the debt?

DAVID WALKER: I mean, yeah, let's talk macro, government-wide. Obviously, that also applies to the Defense Department, but let's talk government-wide. We should have an investment budget and an operating budget. We should be seeking to try to make investments that will generate a positive rate of return. We should try to achieve balance in the operating budget over a business cycle. We should change the metrics of how we're measuring; the debt ceiling has been a dismal failure. It has not constrained deficit spending and escalating debt burdens. Balanced budget will not work, especially if you end up having an investment. We need to be doing in many cases, more investment and less consumption. So, what we need to go to is we need to go to a debt-to-GDP approach. And why do I say debt-to-GDP? It's pro-growth because if you grow the denominator faster than the numerator, even if the numerator is going up, you're making progress. That's what we did after World War II. And we went from over 100% of GDP down to about 30 by 1980. But now we're doing the exact opposite. If you count total debt, which means debt owed to the public as well as the trust funds, we've passed the World War II all-time record and we're heading up rapidly, getting close to 200% of GDP by 2050. That will have serious adverse economic, diplomatic, military, and domestic tranquility consequences if we allow that to happen. We cannot allow that to happen. So yes, we need to change how we keep score. We need to treat investments different than operating. But we also need to be careful about what we call investments. They need to be expected to generate a positive rate of return, not just spending that somebody wants to call. By the way, we also have

to look at direct spending and indirect spending: indirect spending like \$1.7 trillion a year in deductions, exemptions, credits and exclusions through the tax code. They need to be subject to the same type of review and analysis as direct spending and they're not. They also need a lot more visibility in the financial statements than they get right now. So, biennial budgeting is something we ought to be taking a look at. I mean, Congress has gotten timely budget appropriations bills done four times in my lifetime. That's an F-minus, and they're not going to get it done this year either. So, there's just lots of fundamental reforms that are needed to revitalize our democracy, and quite frankly, not only to improve economy, efficient effectiveness, but to restore a Republic that's representative of and responsive to the public, because that's not what we have right now.

PETER LEVINE: Well, that's probably a good place to end. And I'd like to ask you if you have any final thoughts that you'd like to share before we wrap this up.

DAVID WALKER: Public service is a high calling. I've had the opportunity to run three federal agencies, two in the executive branch, one in the legislative, as well as serving in various other roles. I recommend it highly. I think everybody ought to do public service, not necessarily in government but at some point in time during their lifetime. It's one of the things that should bind us together. It's important to make a decent amount of money, to have a decent standard of living. But in the final analysis it's not how much you're worth, it's the difference that you make. And you can make a big difference at any level in government; you can have a lot of responsibility, you can have a lot of authority. We need good people. And so, I would encourage people to seriously consider it.

PETER LEVINE: Well, I want to thank you for taking the time with us today and I want to thank you for living by what you just said, and making your own contribution because you've made a huge contribution to our federal government. And, I thank you for that.

DAVID WALKER: Thank you Peter very much, and thanks for your service.