

## The Need for Transformational Change

An Interview with The Honorable David M. Walker,  
President and Chief Executive Officer, Peter G. Peterson Foundation

**EDITORS' NOTE** David Walker assumed his current position in 2008. Before this, he served as the seventh Comptroller General of the United States and Head of the U.S. Government Accountability Office (GAO) for almost 10 years before leaving his 15-year term early to become the head of the Peter G. Peterson Foundation. He also has more than 20 years of private sector experience, including approximately 10 years as a Partner and Global Managing Director of Human Capital Services for Arthur Andersen LLP. Walker also serves as Chairman of the United Nations Independent Audit Advisory Committee, as a member of the Trilateral Commission and he has authored three books, including *Comeback America* (January 2010).



The Hon. David M. Walker

**ORGANIZATION BRIEF** As a nonpartisan organization, the Peter G. Peterson Foundation ([www.pgpf.org](http://www.pgpf.org); PGPF) is dedicated to increasing public awareness of the nature and urgency of key fiscal challenges threatening America's future. In addition to spearheading educational campaigns and citizen engagement efforts, PGPF dedicates significant financial resources to a variety of partner organizations seeking to address and accelerate action on these key issues.

### What excited you about the opportunity to join the foundation?

I can do things at the foundation that I could not do as Comptroller General. Our nation's troubled economy and its impact on institutions and individuals have spotlighted the need for greater government and personal financial responsibility. Heading the foundation has enabled me, and our staff, to intensify efforts to not only inform Americans of the challenges to their economic well-being, but to provide them with a range of sensible solutions and various means to champion them. We need to achieve a significant reduction in the known and growing unfunded obligations of the federal government and to put us on a path to ensure fiscal sustainability over time.

### What is the focus for the foundation regarding needed change in the U.S.?

America is a great country, but we need to engage in a number of transformational changes to help ensure that our future will be better than our past. In order for any kind of system to be successful and sustainable over time – whether it's a health

care system, a tax system, or an executive compensation system – you have to have properly aligned and integrated incentives to encourage people to do the right thing, adequate transparency to provide reasonable assurance that they will do the right thing, and appropriate accountability if they don't do the right thing. We've too frequently been zero for three.

### Is changing people's minds challenging?

A lot has happened in the past two years that shows progress is being made, but it's going to take at least a generation for us to do what needs to be done to ensure that we're on a prudent and sustainable path. We need to make progress in installments over time.

### With regard to the economic crisis, should we have seen it coming?

There were early warning indicators that were not heeded in a timely manner. People in Washington typically don't make tough choices until there is a crisis at the doorstep, which provides cover for making tough choices, so you end up having to do things quickly and without adequate due diligence and consideration. That is something we can't continue to do.

### Are you focused on reaching young people when it comes to spending habits?

Youth represents one of the key groups we're targeting because it's their future that is being mortgaged; therefore, they have a disproportionate stake in the outcome of this debate. Spending money that you don't have on a recurring basis is irresponsible; spending somebody else's money that you don't have is unethical; but spending money irresponsibly that is somebody else's money that is too young to vote or not even born yet is immoral. All three things are going on right now.

### Is real health care reform, another key issue for the foundation, possible?

Yes. There is no question we need to engage in comprehensive health care reform. We spend double per capita what other industrialized nations spend and get below-average outcomes. The system doesn't need tweaks; it needs dramatic reconstructive surgery. We need some level of universal health care coverage, but we need to be more realistic about what is appropriate, affordable, and sustainable. We need comprehensive health care reform that will deal with cost, coverage, quality, and personal responsibility. We must focus on reducing costs first. It's going to take us a long time to get there, and we will have to do it in installments.

### Are you concerned about U.S. competitiveness long term?

I'm very concerned about our competitiveness. The trend line has been down for investments in basic research; investments in critical infrastructure have been going down until lately; our K through 12 education results are below average; and our tax and regulatory structures aren't streamlined, simplified, or understandable, or in the case of corporate taxes, as competitive as they need to be in today's world. We need to start addressing these warning signs while we still have time.

### In your last role at the GAO, how were you able to implement change?

We engaged in a dramatic transformational effort that was very successful and that has stuck due to the combined efforts of many people. When I left, the agency was about 12 percent smaller than when I came, but on outcomes – both financial and non-financial – it was at least two to three times more productive. It was clearly viewed as the leading organization of its type in the world and a change agent in government.

One of the things that helped was that I had a 15-year term; typical political appointees serve at the pleasure of the President, and their average tenure is two years, so many people in the civil service view them as temporary help. That gave me an advantage to do something, stick with it, and see it through.

### Why did you decide to publish your book when you did?

Our efforts in 2008 and 2009 were designed to help people understand that we had a problem. People know we have a problem, in part because they've seen a number of venerable institutions fail or require government bailouts, and because they've seen billions go to trillions. The year 2010 needs to be about the future and solutions. So I decided to write the book and have it come out in the beginning of 2010 because my sense was that public opinion was going to shift and there would be a need to start focusing on solutions. I knew it would be a good time, but it has turned out to be a great time.

### Has working for the foundation been what you expected?

We've had a major impact on raising concerns about federal financial responsibility, so from that standpoint, it has been very positive. We're also starting to see actions being taken that hopefully will lead to positive outcomes. For example, the President has formed a fiscal responsibility and reform commission that, hopefully, will be successful. ●