



Elmer B. Staats: Government Ethics in Practice

Outside of the federal service few would recognize the name Elmer Boyd Staats. Yet inside the national government and around Washington, D.C., that name evokes immediate recognition. In the period following the Second World War until the end of the 1970s, Elmer Staats was a singularly influential and exemplary public servant.

Moral Development

The details of his life and career read like that of other leading "feds" of that era. He was born in Richfield, Kansas, on June 6, 1914, one of eight children of Wesley Forrest and Maude Goodall Staats. On his father's side the Staats were Netherlanders who came to the Albany, New York, area in 1645. His mother's family came from England. Staats's early life was spent on a farm in the Kansas wheat belt. He graduated Phi Beta Kappa from McPherson College, which is operated by the Church of the Brethren in McPherson, Kansas. He then finished an M.A. in political science and economics at the University of Kansas, followed by a Ph.D. from the University of Minnesota. In 1940 he married Margaret Rich, the

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daughter of Congressman Robert Fleming Rich of Pennsylvania. They have three children.

With the exception of brief stints with the Public Administration Service in Chicago and as the research director for Marshall Field and Company, and four years as the executive officer of the National Security Council, his early career was primarily associated with the Bureau of the Budget. He rose progressively from management analyst to section chief, to assistant to the director, to executive assistant to the director, to assistant director, and, finally, to deputy director. In 1966, he was appointed by President Lyndon B. Johnson to head the General Accounting Office (GAO) as comptroller general of the United States. He served as comptroller general through the administrations of Presidents Johnson, Nixon, Ford, and Carter and into the early months of the Reagan administration. He then became the president and later chairman of the Board of Trustees of the Harry S. Truman Scholarship Foundation, a position he continues to hold.

Although this would be a distinguished résumé for any federal official, it hardly reflects the substance of the public service of Elmer B. Staats. Nor does it account for his inclusion among the exemplars chronicled in this volume.

There are already several published accounts of the background and work of Elmer Staats (Walker, 1980, 1986, 1987; Orr and Heller, 1985; Mosher, 1979). For this volume, therefore, I decided to use a different approach. First, because his career is too long to detail in one essay, this chapter will dwell primarily on the fifteen-year period during which Staats served as comptroller general of the United States. Second, there are many subjects, concepts, and issues that relate to the work of the comptroller general and to activities associated with the General Accounting Office. To narrow the subject to manageable proportions, I decided to focus on issues of government ethics and administrative morality. Finally, although semiretired, Elmer Staats is still very active in public affairs. For this reason it seemed both interesting and useful to present Staats as nearly as possible in his own words rather than to recount the details of his career or opinions in the manner of biographical research.¹

Where possible, I draw on Hart's conceptual framework and categories. At certain points I describe moral episodes, although always in rather limited detail because I do not want this chapter to become a case study; where moral processes are present or obvious, they will also be pointed out. Most important is an attempt throughout to develop the concept of ethics or virtue as a form of practice in public administration (MacIntyre, 1984).

Moral decisions, we learn from psychology, "can only be comprehended as a function of *personality*. By personality we mean the relatively stable constellation of self-interpretations (and self-presentations), that through complex systems of affect and imaging, guide individual choices" (Sloan and Hogan, 1986, p. 169). Personality emerges through lifelong experience with others, especially parents, as well as with religious and political figures, heroes, and exemplars. Moral decisions often express repetitive patterns derived from a mix of personality and experience (Vitz, 1991).

Elmer Staats describes his early home life as one concerned with morality:

I think my family were highly ethical in their approach to everything they did. My mother played an especially important part in establishing the family's moral base. She always held up a very high standard of personal ethics and morality to her children. She was herself a great example to her children. It was clear to all of us what was right and wrong.

[Upon leaving the family and the farm] I went to a small church college. I was not a member of the denomination (Church of the Brethren), but it was a highly moral and highly ethical environment. I think a lot of that rubbed off. Some of the people there were imbued with a religious fervor in their approach to education. I still remember the people I worked with there.

Was there any formalized study of ethics or morality? "I don't recall any course in ethics per se. I recall a very stimulating course in social psychology in which we studied the interaction of groups.

Some of that dealt with ethical and unethical behavior. In fact, it seems, on looking back, as if questions of morality were part of much of the curriculum."

Moral development, it is argued, can be associated with the use of stories, cases, incidents, or episodes (Vitz, 1991; White, 1992). Evidently, this was the case with Elmer Staats. The specifics of the stories and incidents seem unimportant, or at least they are not as vivid in his memory as the context and the setting. "At college there are all kinds of extracurricular activities and events involving the college and the church that might have played a big part in my life. There was a fellow named Hess, one of the old Dunkers of Pennsylvania, with the big broadbrimmed hat. He was a wonderful guy who would regale us with stories about his life. There was another professor, Dr. Bright, who specialized in the history of the West, a follower of Frederick Jackson Turner who was filled with stories and insights. I still remember all these people although it is hard to say specifically how they influenced me; but they did."

His family and college environment evidently had an effect on his career choice. "I think I was influenced in terms of the direction I wanted to go by some sense of obligation or feeling that maybe there was something out there that I could help do something about. It was the middle of the Depression and I had a hard time sustaining myself in school. I had to get scholarships, I had to work, but I wasn't the only one. I had a general feeling that there should be something I could do careerwise, that I could be involved with that could make our lives better."

By the time Staats had entered graduate school, one can see the cumulative effect of a stable family with a moral perspective, an undergraduate education in which issues of right and wrong were routinely dealt with—and all of this within the context of the Great Depression. This combination seems to have framed Staats's desire to "do something about it," which I will interpret as an early and relatively nascent conception of a desire to serve.

Ethics and the General Accounting Office

The General Accounting Office (GAO) was established in 1921 by the Budget and Accounting Act. It was set up as independent of the

executive branch and the president, although the president appoints the comptroller general, who heads the GAO, with the advice and consent of the Senate. The comptroller general serves for fifteen years to insure his independence from the president. The GAO is very much a product of the national preoccupation with "business-like norms of economy and efficiency and with scientific management techniques" (Walker, 1987, p. 285). Its purpose is to inform the Congress in matters of government finance and effectiveness, to guard the treasury, and to check the president. It is to aid in congressional oversight of government activities, particularly through proper accounting and auditing procedures. Because it is an arm of the Congress, congressional committees or individual members routinely request audits, reports, and evaluations by the GAO. The "client" of the GAO is the Congress.

The staff consists of educated persons, often from the fields of accounting, auditing, business and public administration, and other professional fields. They are appointed and promoted on the basis of merit with little or no influence from either the Congress or the administration. Perhaps more than any other agency in the national government, the success of the General Accounting Office rides on its credibility. Though it serves the Congress and its individual members, it is nonpartisan. It conducts the research that facilitates congressional oversight of the administration, but it seeks to avoid the excesses of legislative fault finding and "second guessing" or blame laying on the one hand and acquiescence to the majesty of the president or department secretaries on the other (Walker, 1986). The General Accounting Office is often described as the government's watchdog.

To best illustrate Elmer Staats's perspective on the work of the General Accounting Office, it is useful to set out two contrasting perspectives on the work of the GAO. The first is the "crime and fraud" perspective. In other words, through its accounting and investigative techniques, the GAO attempts to find instances of dishonesty, fraud, abuse, waste, and ineffectiveness in government. The recent scandals involving Housing and Urban Development and defense purchasing would be current examples, although neither was uncovered by the GAO. The crime and fraud perspective supports Alasdair MacIntyre's contention that institutions are

inherently corrupting because they distribute money, power, and status. The virtues of the practitioners of government—the auditors, managers, and policy analysts—are essential to ameliorating the corrupting power of institutions (MacIntyre, 1984). The crime and fraud perspective assumes that institutional tendencies to corrupt are dominant.

The second approach could be best described as the "making government work" perspective. The investigations and reporting of auditors, accountants, and other professionals of the GAO are then understood as a function of making government more effective. In this approach one does not begin with the assumption that the purpose of the GAO is solely to uncover fraud and waste but rather that its function is to make the national government both effective and honest.

Following the MacIntyre framework, the making government work perspective assumes that the virtuous practices of government officials in the GAO will generally be sufficient to offset most of the corrupting influences of institutions such as Congress, the presidency, or federal agencies.

While Elmer Staats was comptroller general, the GAO routinely dealt with issues of fraud, waste, and criminal behavior. There is no question, however, that his principal perspective and that of the General Accounting Office during his administration was making government work honestly and effectively (Orr and Heller, 1985; Mosher, 1979).

One of the features of the crime and fraud point of view is to focus primarily on "the bottom line" and particularly on any misuse of public funds. During Staats's period at the GAO, there was a gradual shift from a concern for accounting to an emphasis on program performance (Walker, 1986). Staats puts it this way:

One of the pieces of advice that I got when I went to GAO was to stay away from Congress as much as possible. It was said that I would lose my independence and credibility. But I made a conscious decision that I would go the other direction. I knew I had to work with Congress, to understand the programs, and to determine the extent to which they were working. I

also had advice to the effect that if you get into those things that are controversial, you'll be accused of being political, choosing up sides between the Republicans and the Democrats. Once again, GAO would lose its credibility. . . . I decided we should go the other way and be directly involved with Congress and with individual members of Congress.

By 1968 we were directly into performance auditing. In putting down what we meant by performance auditing, we began with the traditional three-legged stool of the GAO: financial auditing, management auditing, and measuring economy and efficiency. We added a fourth leg to the stool, program evaluation. Are government programs achieving the results which were intended by the Congress? And it's in that arena that people worried that we would stub our toe, that we would get involved in the political and lose our credibility. It was quite obvious to me that that was not an idle concern because the main asset GAO had was its reputation for independence and credibility and the professionalism and high ethical standards of the staff.

In discussions having to do with crime and fraud in government, Staats explained:

If there is a deliberate effort at fraud—absent an informer or someone who comes in and is privy to secret information—there are so many ways that one can hide fraud. We used to get allegations of kickbacks on defense and other contracts. You go in, and pretty soon the trail just disappears. These people are very deliberate, usually smart enough that they don't leave any trail. I can play golf with you and lose to you and pay you off or visit with you at your home. The point is that people who deliberately want to deceive with fraud do it in such a way that it is difficult and often even impossible for the government to track them

down unless their next-door neighbor or business associate comes forth to testify.

The definitive studies of the General Accounting Office support our view of Staats's perspective and style. In his early years at GAO, Staats designed a flat hierarchy that matched the committee and subcommittee structure of the Congress as well as the departments, bureaus, and agencies of the executive branch. In this way, divisions and issues within the GAO would mirror legislative and administrative structure. Gradually, the auditing focus of the GAO shifted to a management-audit or program-audit perspective. New recruits increasingly had not only undergraduate degrees in accounting, but also graduate degrees in public or business administration or planning. There developed a conscious socialization program for new staff that included dress codes, extensive training programs, rotation programs, clear promotion guidelines, rules against fraternization, and a considerable emphasis on esprit de corps (through awards ceremonies complete with keynote speakers and the Marine Corps Band). For recruiting, "enthusiastic, middle grade auditors were . . . dispatched to small schools to search for students who stood in the upper quarter of their graduating class, had demonstrated potential for leadership and possessed the zeal and the ambition thought to be needed for the legislative audits" (Walker, 1986, p. 78). The aim of the senior officials of GAO in Staats's period was to build a staff of "people like themselves" (Walker, 1986, p. 78). Rather than focus on trying to stamp out fraud or catch public officials in corruption, "the GAO program planning mechanism directed the auditors into evaluations which aspired to assess managerial efficiency and program performance" (Walker, 1986, p. 88). In this way Staats shaped the GAO in his image and guided it in the direction of the ethic of effectiveness through professional practice and by making government work properly.

According to Staats, the biggest problem with the crime and fraud perspective is that it is "after the fact." Ordinarily the deed has been done and it is a matter of finding and punishing those who have done it. The General Accounting Office "should be in the

business of improving government services and *preventing* fraud and abuse."

The Inspectors General

Perhaps the most telling illustration of Staats's preference for the making government work approach was his extensive discussion, during our conversations, of inspectors general. It was during Staats's tenure as comptroller general that the inspectors general system was established in the national government. Each federal department was to have an inspector general with a staff to serve as an internal auditor and to discover or prevent waste, fraud, or corruption. "I was party [to the development of the inspectors general system] in the sense that we [GAO] testified on it, and I was not happy with the way it came out. Inspectors general sound a little bit to me like the FBI. My concern was preventive, prevent this sort of thing from happening [government fraud]. I didn't mind the function, but I didn't like the title. I argued that the title inspector general would mean that you would put in jobs those people who are more concerned about catching thieves than preventing the thieves from getting in the house in the first place."

I then asked Staats his assessment of how the system is presently working: "Exactly the way I predicted. They are using a lot of FBI people. The way the bill setting up inspectors general finally came out, it called for a deputy inspector for audit and a deputy for investigation. I wanted to put emphasis on the preventative side, and I said that the people who know how to do that were people trained in financial management and auditing. They'll help to build a system that will prevent fraud . . . people who worry me are the FBI and the legal types in those jobs. They tend to be more concerned about catching crooks than they are about preventing crooks from getting in."

Perhaps the most interesting thing about Staats's consistent support of the making government work perspective is that during his period as comptroller general the government was considerably more active in controlling governmental fraud than has been the case immediately following his retirement. By all accounts the most

serious breaches of governmental ethics in modern times occurred between 1980-1988, just after Staats retired.

In a rather interesting historical set of observations, Staats stated:

Who is responsible for the integrity of government programs? My conclusion, based on my experience in both the Bureau of the Budget and the General Accounting Office, is that there is no foolproof way that you can avoid a situation where a program gets into serious trouble where fraud and waste may be involved. It has to come out in some way, particularly some convincing way, through the White House, the Congress, or in the press. Ordinarily, it needs to be allowed to fester for a while before it comes to light.

One of the things which I was concerned about when I went to GAO was the extent to which we would try to get into fraud and illegal acts. What was our role vis-à-vis the Justice Department? President Johnson, after I was appointed and confirmed, suggested that I get acquainted with J. Edgar Hoover, then director of the FBI. The outcome of our visit, aside from a long story about the Lindbergh kidnapping case, was that we agreed to divide the work. The outcome was that we would not try to do the FBI's job and that they would not try to do our job. We kept our eyes and ears open so that we could learn enough to refer cases to the Justice Department. That's where we came out on that issue.

Ethics Hotlines and Whistle Blowing

Staats then described what he felt was one of the most effective means by which the government has discovered cases of fraud and waste.

We came up with this idea of setting up a fraud hotline, an 800 number, as a GAO rather than an FBI

project. Senator Sasser was involved, and he and I made some TV appearances on the *Today Show* and the like. This would be '75. The person calling the hotline did not have to give a name or number. The caller could be assigned a number and later could call back to see what had been determined. We began to get hundreds of cases. We tried to do a certain amount of screening because some calls and allegations were obviously superfluous. When we did get them, however, we sent them to the agencies and to the agencies' inspectors general for follow-up. We asked the agencies to report back what they had found and what they had done. We wanted to know institutionally, but we also wanted to be able to respond to any inquiry that came back from the person who had initially called. The GAO hotline was the predecessor of hotlines that are now operative in several agencies.

This hotline uncovered more and better examples of waste and abuse than most investigations that we, the FBI, or the Justice Department conducted.

After this discussion, I asked Staats to compare fraud hotlines with whistle blowing as a means of controlling unethical behavior in government. He said:

The trouble with whistle blowing is that you get involved in a lot of procedures in which individuals do not exhaust their internal opportunities to try to correct what they think is a bad situation. . . . If a person likes publicity, whistle blowing is a golden opportunity. We have the same problem in the private sector. I'm on the board of Arthur Anderson and Co., a Big Six accounting firm, and this question comes up: what should the external auditor do if he finds evidence of mismanagement, fraud, and the like? Does he give the company being audited a qualified auditing report, [does he] go to the public or the press, or does he try to get the situation corrected? Both Arthur An-

derson and the Treadway Commission have concluded that if the external auditor finds a situation of that type, he takes it to the audit committee of the firm, and then the firm and its auditing committee monitor the situation. If the firm takes action to correct the situation and solves it, then the auditing firm doesn't need to do anything about it in its audit report. If they don't, then you take it to the corporate board of directors, and then in due course if it's not corrected, you go to the public. The problem with whistle blowing is that it attracts as many publicity seekers and incompetent bureaucrats as it does persons genuinely concerned with improving practices or stopping corruption. The fraud hotline, because of anonymity, avoids publicity and gets better results.

Once again we see Staats's concern for fixing, improving, and making things work better, and we see his disinclination to assume wrongdoing. His extensive background in public administration appears to have informed his understanding of the functioning of departments, bureaus, and agencies. Thus, he prefers to avoid whistle blowing and emphasizes the quiet, businesslike approach to making government work. It is also clear from these comments that Staats has tended to assume generally virtuous practices on the part of most bureaucrats.

As comptroller general, he was in an ideal position to buffer excessive congressional tendencies to assume the existence of waste and fraud. As Staats was finishing his term in 1980, we saw the beginning of the era of bureaucrat "bashing" by both the administration and the Congress. One wonders, given Staats's stature and credibility, if he might have been able to subdue the anti-government-employee frenzy of the 1980s had he continued in office.

It is also clear from his comments that Staats expected generally virtuous practices on the part of most bureaucrats. Being both a product of and a creature of public institutions, he did not believe that institutions are inherently corrupting. Indeed, it appears that the virtues of the practices of good auditing and public manage-

ment can only be effective when organized and institutionalized (Walker, 1986).

Ethics, Politics, and the Press

That public administration is imbedded in politics is axiomatic, and that public administration is itself a form of politics is also understood. How does an agency such as the General Accounting Office, the arm of that distinctly political body, the United States Congress, deal with political issues, preferences, and pressures and at the same time retain credibility? Several examples or moral episodes involving Staats are illustrative (White, 1992).

I went to GAO during the Vietnam War period. The question of how the GAO relates to all of the controversy which was going on in the war period was very significant. For example, one of the issues at the time was the treatment of Vietnamese refugees. We were asked to do a study of this by a very prominent senator. He was responding to newspaper reports of horror stories about refugee treatment. We had at that time offices in Manila and Saigon because of the large number of requests we were getting from the war area. We sent our people into Vietnam (it's the first time, by the way, that the GAO had ever been involved in an area of hostilities). The report we prepared, based on our findings, was less scary, less emotional, and less spectacular in terms of the treatment of refugees than the senator wanted to hear. So he took our report and put it in his desk and issued his own press release *interpreting* what the GAO had said. Through his press release he was putting words in our mouth. The question for us was what to do. We then decided that if he didn't release the GAO report, we would. And we did.

After that we established a rule that we would give both the agency which was being analyzed or investigated and the legislative committee or member of Congress requesting the investigation or audit a

period of time to review the report. If *they* didn't release the report prior to the end of that specific time period, we would release it automatically. We also allowed administrative agencies to respond to our draft reports in a timely way, either to correct misinformation or indicate that procedures were in place for correcting problems.

It is often the case that GAO reports are newsworthy; therefore, there is considerable pressure from the press to see these reports in advance of their release. The normal thing that a journalist will do when he gets a copy of a report is call whoever in the Congress he thinks will have a comment to make about it. We wanted to guard against this. We thought there was an ethical point here, which is to give both congressmen and administrators an opportunity to read the report before it comes out in the newspapers. They may challenge the report directly to the GAO before it is released, or they may talk to the press when a release occurs.

I then asked Staats what the end result is of such a system. "The final package that is released is the initial draft report, the agency's response to that report, and whatever revisions the GAO chooses to make as a result of the agency's response. In this way Congress and the press and others can trace the initial position of the GAO and how that position has evolved."

Evaluating Anti-Poverty Programs

A further illustration of Elmer Staats's methods of dealing with politics and the press has to do with the antipoverty programs of the 1960s and the 1970s. There was at the time considerable disagreement between Republicans and Democrats about how well these programs were working; there were also strong differences of opinion between the White House and Congress. Staats described it this way:

Soon we got involved in a way that we did not fully anticipate on the extension of the antipoverty programs ranging all the way from Head Start to Job Corps. The House and Senate Republicans and Democrats were having a great deal of difficulty agreeing on the effectiveness of these programs. So they asked the GAO to do an evaluation and gave us eighteen months to do it. It was really a bath of cold water. We pulled in consultants and got our staff working on it, and I think they did a credible job. About the time our report came out, which was about the time Nixon came into the White House, one of my recommendations was that the Rural Job Corps should be phased out and the Urban Job Corps should be beefed up. We had good documentation on the difficulty of running Rural Job Corps; it wasn't the CCC [the Civilian Conservation Corps, a kind of job corps operated during the 1930s as one of the anti-Depression programs] all over again because you're taking kids out of urban areas and trying to put them into rural areas. The first thing that would happen is they'd go home. To make a long story short, the Nixon administration came in with George Shultz as secretary of labor. Shultz came in independently with a complementary view of the same thing. But we got called on the carpet for having been taken in by the Republican party. I remember the hearing started at ten o'clock in the morning and went until three o'clock in the afternoon. The only thing we could do was to stand our ground and say "here's the evidence we have." Eliminating the Rural Job Corps was, in fact, what the government ended up doing.

The Impounding of Appropriated Funds

Shortly after coming into office, President Nixon impounded funds appropriated by Congress as parts of budget bills that he or his predecessor had signed. The impoundment constituted a kind of

informal line-item veto conducted after the fact. This was a controversial issue and a particularly fractious matter between Congress and the president. It should be no surprise that the General Accounting Office was caught in the middle. This is how Staats handled it:

I remember in 1974 when Congress passed the Congressional Budget Act. It had a Title 10, which set the ground rules by which the president could defer an expenditure and by which he could impound an expenditure. This was on the heels of the controversy of Nixon's impounding of funds. We were asked to make a legal interpretation on what the ground rules were on an impoundment as against a deferral. Senator Ed Muskie was a good friend. He insisted that we had twisted our interpretation to meet the administration's position to the effect that the law said that the president could defer to the end of the fiscal year and that there is no legal barrier to redeferral of those same funds for a subsequent year. Senator Muskie claimed, "that's an impoundment." Under an impoundment the president was to indicate his intention to impound funds and was given forty-five days for Congress to approve such an impoundment. If after forty-five days the impoundment was approved, everything was fine. If not, or if the Congress was silent, the money had to be released. Well, Senator Muskie thought we were absolutely wrong to interpret deferrals in such a way as to have the net effect of an impoundment. He got pretty excited. He got so excited, in fact, that he got up and left the hearing room for a while. He was convinced that we were again allowing the administration to color our report. Still, we had to stick with our interpretation of the intent of the law. As a result, of course, the law was changed shortly afterward to solve the problem.

Staats tended to handle press relations in the following manner:

From the time I came in as comptroller general, it had been our practice to send draft reports to the agency being audited for comment before the press or Congress sees the report. This, of course, sometimes gets the press excited. They generally think this is a terrible thing to do, letting the departments see what we are proposing to say.

Why did we do it? It's an issue of credibility. If you send a report to Congress and the agency being reviewed in that report has not seen it and is called by a legislator or is asked for testimony in a hearing and they say, "We've never heard of it, we didn't see it, we don't believe it," then for practical purposes the report is dead. Second, if the report is in the newspapers before the agency has had an opportunity to question the facts or conclusions, in the future that agency will not cooperate. I feel this is morally and ethically wrong.

In addition to the strength displayed in these moral episodes, we see the press's and Staats's contrasting perceptions of institutions and of public servants. The press, assuming virtue among its own, is inclined to assume, or at least be preoccupied with looking for, corruption, fraud, waste, and incompetence on the part of public officials. Staats usually either withheld judgment until a study had been completed or took generally virtuous practices for granted. And most important, he would not allow either the press or a member of Congress to use the GAO to flog public servants without evidence. This, of course, does not prevent congressional bureaucrat bashing by hearings, press releases, and the like.

Ethics Versus Poor Policy Choices

As a result of the scandals in the national government in the 1980s, the use of the word *ethics* is widespread, and its power as a tool of rhetoric has been rediscovered. It is thus not uncommon for people

to consider *their* political position to be ethical and the views of those in opposition to be unethical, even when the issue at hand may merely involve a question of policy preference. When asked about this state of affairs, Staats replied:

The question of what is mismanagement and what is intentional fraud is, I think, very difficult. I watched Bill Moyers's TV program on lying in government. A lot of what he called lying is really mistaken policy judgment. He brought up the Cuban missile crisis, he brought up Vietnam, and particularly the body count operations in Vietnam. He was not careful in drawing significant distinctions between what was intentional fraud, as was possibly the case with respect to body counts, and what was just poor policy making.

To some extent much of this is political rhetoric. I was fairly close to the Bay of Pigs problem. It is clear that some government officials lied to President Kennedy about the real situation in Cuba. The fact of the matter was that there had been a decision that the U.S. would not provide air cover for the invading force and that there would not be any contingency plan that would involve U.S. troops should there be a problem. The invasion was doomed to failure before it started. This was not just a question of lying; it was a question of inexperienced people not able to ask the right questions and therefore ending up making wrong decisions.

Staats then made an interesting observation about Vietnam. It is important to keep in mind that he had been in significant positions in the government since the early 1950s, so he knew how different presidents had dealt with the situation in Vietnam.

I was an officer of the National Security Council when Eisenhower was faced with what to do about Vietnam as the French were leaving. They wanted us to come in. The assessment by the Joint Chiefs of Staff was

that the U.S. could not win a war in Vietnam without nuclear weapons. Eisenhower made his decision right then and there. His decision was to send our people to Paris to negotiate as well as we could. That's how we got the line drawn between North and South Vietnam. You can make a bad decision, or you can make a good decision, but these are separate from questions of dishonesty.

Later, during the Johnson years, although the situation was somewhat different, the theory was that if we gave assistance to the government of Vietnam, they could somehow reverse the situation. It was also decided to try to deal piecemeal with the Vietcong. While there may have been some questions about body counts and other possible questions of honesty, the real basic issue was one of misjudgment.

Given his background and experience, Staats could discern issues associated with corruption, fraud, honesty, waste, and incompetence and distinguish them from issues of policy. At the same time, however, he clearly understands how gray the line is between policy and fraud. The following section is illustrative of the difficulty of moving from issues of fraud to issues of policy.

I asked Staats to comment on contemporary issues particularly from the perspective of ethics and morality. He first said, "I don't know what's driving us. What we have today is a malaise where people do not want to face the discipline needed to make hard decisions."

We then talked about the federal budget deficit:

I think that what we see in the budget deficit is a pretty good illustration of an unwillingness to make hard decisions. In my last testimony before the House Budget Committee, I said that my experience in the budget field had brought me to the opinion that you ought not make tax cuts unless you have a pretty good idea of how you are going to make offsetting cuts on the spending side.

What happened was that they went ahead and made a \$750 billion tax cut over a five-year period. That was in 1981. The theory was that the tax cut would have such a stimulating effect on the economy that it would offset revenue losses. I'm not saying the people who argued this were dishonest; it's just that I don't think they had any evidence to support their point of view. If you don't have evidence to support your argument, you have to look for other motives. This coupled with what I think is the more serious point: that if you cut down revenues enough, that will bring public pressure to bear so you will have to cut back the role of government. This was an antigovernment, antifederal position.

I'm afraid that's where we are today. Now, it is ten years later, the national debt has tripled; interest rates are higher than they otherwise would be. This has had a negative impact on our balance of payments. We've lost our savings position and our investments.

Yet too few seem to be worried.

I'm on the board of the Committee for a Responsible Federal Budget. We work with the Business Roundtable, and we visit with Republicans and Democrats on the budget committees. They say we can't do much in the Congress because the White House says that we don't need new taxes. All we can do is cut spending because the people back home won't stand for tax increase. This is the kind of malaise that borders on immorality.

Of the twelve budgets I've helped four presidents put together and send through Congress, about half of them were balanced. Those were the days when you'd say over a period of time that you were trying to strive for a balanced budget. Some years you'd have a surplus; some years you'd have a deficit. But we were not talking about anything of the type we've got now. All of this business of trying to work around Graham-Rudman I think comes much closer to immorality

because it's trying to deceive the American public. It is a deception because it appears that there is cutting when there in fact is not. We're using the Social Security and other trust funds for operating purposes. It's just like the corporation taking workers' pension funds and spending them for operating and capital purposes.

We've got about \$124 billion surplus in federal trust funds in 1990, including the Social Security trust fund, which goes into the Graham-Rudman calculations—so it makes that deficit look much smaller. We're taking money that is due to go to our children and grandchildren and spending it now.

No one wants to either give or receive unpleasant news. The unpleasant news is that with our current situation we've either got to raise taxes or cut out a lot of entitlement programs.

Interest on the debt is now the second largest item in the budget, and if current trends continue, it will soon be the largest item in the budget. On this matter we are certainly at the line between mere questions of policy and larger issues of ethics and morality.

In this commentary, Staats is wrestling with the line between issues of policy and issues of ethics. His views on the line between policy and ethics are clearly informed by his background in public administration. The problems with the deficit are not bureaucratic and are not primarily administrative. They are political. And Staats judges the politicians harshly, in terms of both effective government and ethics. In institutional terms the presidency and the Congress, but not the administrative agencies, are corrupting and are overwhelming the virtuous instincts of elected officials.

One of the most interesting developments in the General Accounting Office during Staats's administration was a system called internal review. In essence a kind of inspector general was installed in the General Accounting Office: the auditors were audited. Staats explained, "We were looking at the quality of the work we were doing. We were looking at any departure from established

procedure. We wanted to know how one particular unit was doing. We wanted an assessment of our own effectiveness."

I then asked him what the internal review had discovered:

Well, we found a lot of places where the General Accounting Office could be improved, and we set about making those improvements.

We did have one interesting issue that came up. Some folks in Congress became aware that we had this internal staff that was auditing and evaluating our own work. They wanted to see the reports of that staff. We said we had nothing to hide in these reports, that we follow the same procedures internally that we follow with any agency of the government. If a division is being audited and there is criticism of it, we give that division a chance to respond. The initial report and the response [are] in the files. If you want to come down to the GAO and read it, you may, although you can't take it away with you.

I asked if anyone in Congress had sent staff down to read the internal review reports. Staats responded, "One or two. But that ended the whole episode. To my knowledge the GAO is still auditing and evaluating its own work."

On Being an Exemplar

I then asked Staats if he felt any personal responsibility for being an example or a leader. He answered:

The Comptroller General must be above reproach, cleaner than Caesar's wife. The bottom line is that the agency doesn't do anything that it wouldn't want to see in the *Washington Post* the next morning. The perception of unethical practices is almost as damaging as are actual unethical practices. We had rules about the ownership of stock in firms that are being

audited. We had rules about the disclosure to superiors about any possible conflicts of interest. We had a committee to review any such cases or possibilities. The main thing, I think, is to make the whole organization conscious of the role that it plays, that it has to be in a position where the GAO can't be damaged by any successful charge of unethical practices.

This statement seems to indicate that Staats recognized the possibility of institutional corruption, even in the GAO. At the same time, we see his continued faith in the virtuous practices of accounting, auditing, policy analysis, and management and their potential for making the GAO, as well as other government agencies, both effective and honest. It appears, however, given his comments on the federal deficit, that he has less faith in the virtuous practices of politics in the presidency and in Congress.

Interviews and conversations with Elmer Staats about ethics were also instructive on a point of epistemology. I asked *general* questions about morality or ethics in government or in the GAO. Staats's answers were often in the form of stories; he recounted incidents and discussed cases or moral episodes. As statistics or numerical data are the way of knowing and conveying knowledge of, for example, demographics, stories appear to be the way of both knowing and conveying an understanding of ethics.

Given its importance in history, another story from Elmer Staats is especially interesting. If any incident galvanized thinking about morality in American government, it was Watergate. The Committee to Reelect the President employed a group who came to be known as the "Plumbers" because they did the dirty work. One of the plumbers was Bernard L. Barker. Among their dirty tricks was breaking into the headquarters of the Democratic party in the Watergate Apartments in Washington, D.C.² According to a newly enacted Campaign Practices Law, as of May 10, 1972, all campaign contributions had to be reported with the name of the contributor. According to Staats:

We [the GAO] turned up hard evidence on Watergate. We turned up the fellow named Barker. The question was whether to go public. It was a heck of a fight.

We got into it because of a rumor. There was this effective date in the statute; I think it was May 10. If you made a contribution before May 10th, you [the candidate receiving the contribution] [did] not have to report it. If you [made] it afterwards, by law you had to report it.

There was a story in the *Washington Post* reporting the rumor that a contribution had been made to the Committee to Reelect President Nixon *after* May 10th and had not been reported.

We sent a couple of people over to the Committee to Reelect to check this out. [At this time the GAO was responsible for enforcing the Campaign Practices Law. This was later changed when the Federal Election Commission was established in 1974.] The Committee to Reelect said that a \$10,000 contribution was made *before* May 10th by Duane Andreas of Minneapolis. We asked to see the records. We were told Andreas made the contribution while he was on vacation in Florida. We asked if the check had been sent to Washington to the committee. We were told it was deposited in a safety deposit box in a hotel in Florida. We sent folks down to Florida, but they couldn't find it.

Finally, it was found. It was dated *after* May 10th. But, more interesting, it was not cashed by the Committee to Reelect. It was endorsed over to Barker, who cashed it. It was part of his pay for Watergate.

The GAO, of course, had to draft a report. The Committee to Reelect got very upset about it. My old boss [at the Bureau of the Budget] Maury Stans was chairman of the Finance Committee of the Committee to Reelect. We had been pretty good friends. We still are. The day this report was supposed to come out, Stans was down in Florida. He called me up and said, "You can't release that report because your facts are wrong. And if you release it, I'll say you never gave us a chance to even look at it." I said, "Okay. What do we do? I'll send a couple of people down, and they will

look at anything you've got." We did that. Our people went down and said they couldn't find anything that would change the report.

So we went ahead and released the report.

That cancelled check is one of the few pieces of hard evidence in the whole Watergate affair [Woodward and Bernstein, 1976].³

Richard Nixon resigned on August 8, 1974.

The work of Staats at GAO is illustrative of both kinds of moral processes. First, the job of the comptroller general, as well as the general responsibilities of the GAO, constitute forms of *moral projects*. They are consciously designed primarily for the purpose of ensuring both honest and effective practices in the national government. Second, Staats's background and approach to the job of comptroller general are the embodiment of *moral work*. To him qualities of honesty, respect, courage, fairness, and compassion appear not to require thought. These qualities have become habit, routine, so deeply a part of his personal development as to permeate his practice. Staats was ethics as practice.

After a thorough review of his years at the GAO, Wallace Earl Walker writes of Staats: "By the end of his term, virtually no government agency was exempt from GAO audit, and Congress had legitimized much of Staats' vision in numerous pieces of legislation. Furthermore, the GAO not only was respected by Congress as the foremost symbol of accountability for the executive branch but also endowed with a firm mandate to conduct program effectiveness audits" (1987, p. 309). Walker believes that Staats was effective because "his vast experience in the executive branch had armed him with the skills necessary for the position of Comptroller General. But of perhaps more importance was his belief in the gospel of public administration, which proclaimed the perfectability of government through the tenets of economy and efficiency in administration" (1987, p. 310).

We have seen that as a person highly effective in a world of large-scale, complex institutions, Staats is disinclined to view public agencies and organization as inherently corrupting. Rather, we see in his ethics and his example the belief that it is *through* insti-

tutions that morality can be defined and ethics practiced. Elmer Staats's practices at the GAO are an example of the careful design of a public organization and the nurturing of its staff. If corruption is possible in and through government institutions, then through government institutions it can be prevented.

Notes

1. I traveled to Washington, D.C., to conduct an in-depth interview with Staats. In addition we have had several conversations, both directly and by telephone, elaborating various points not fully covered in the interview. All quotations herein are based on these personal interviews and conversations.
2. Those arrested in the break-in were James W. McCord, Jr., security coordinator for the president's reelection committee and a former FBI agent and CIA employee; Bernard L. Barker, a Miami realtor and former CIA employee who was involved in the 1962 Bay of Pigs invasion of Cuba; Frank A. Sturgis, also of Miami, a soldier of fortune with CIA connections; Eugenio R. Martinez, another anti-Castro Cuban and part-time informant for the CIA; and Virgilio R. Gonzalez, also Cuban-born, a locksmith.
3. Staats is right, but at about the same time Kenneth H. Dahlberg, a Nixon campaign fundraiser, collected \$25,000 in cash contributions, converted the funds to a cashier's check, and turned it over to the Nixon reelection committee in Washington. The check was then deposited in the bank account of Bernard Barker. This provided investigators with another link between the burglary and Nixon campaign cash.

Manuel Ogarrio, a Mexican lawyer, served as a conduit for contributions from Texas donors to the Nixon campaign. The money was "laundered" through his bank in Mexico City to make the funds untraceable. In addition to the Dahlberg check, four checks drawn on Ogarrio's account and totaling \$89,000 were deposited in Barker's account. See Bob Woodward and Carl Bernstein, *The Final Days* (New York: Simon & Schuster, 1976), p. 269.

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