Research Reports

Reviews of new research at public agencies and private institutions

"Major Management Challenges and Program Risks: A Governmentwide Perspective."

U.S. General Accounting Office, P.O. Box 37050, Washington, D.C. 20013. 66 pp. No charge.
GAO-01-241. Available at *www.gao.gov*.

The era of big government may be over, but the General Accounting Office (GAO), Congress's independent investigative agency, finds that many arms of the federal government still cannot fully detail just what they do with taxpayers' money. The susceptibility to mismanagement, waste, fraud, and abuse remains widespread.

Despite some progress in recent years, major departments and agencies have "substantial and longstanding financial management problems," the GAO reports. The Department of Defense, with some three million military and civilian employees and an annual budget of $310 billion, "is not yet able to comply with generally accepted accounting principles and pass the test of an independent financial audit." Other major laggards in recent years include the Internal Revenue Service (IRS), the Federal Aviation Administration, and the Forest Service. And those are just the worst offenders. For fiscal 1999, the GAO says, 21 of 24 major agencies "substantially" failed to comply with federal accounting standards or other requirements.

Since 1990, the GAO has been identifying government operations it judges "high-risk because of their greater vulnerability to waste, fraud, abuse, and mismanagement." That year, it designated 14 high-risk areas to worry about; this year, it found 22. Those numbers conceal considerable turnover. In three areas this year, for example, sufficient progress has been made to warrant removal of the high-risk label: the Environmental Protection Agency's Superfund program for hazardous waste sites, the Department of Agriculture's farm loan programs, and the National Weather Service's efforts to modernize its information technology.

Still on the list today, however, are eight high-risk areas from 1990, including the Medicare program, the Pentagon's weapons acquisition program and inventory management, the Department of Energy's management of projects with outside contractors, and the IRS's collection of unpaid taxes.

The GAO has added 19 areas to its high-risk list since 1990, including, this year, a governmentwide concern, "strategic human capital management." Efforts to trim the federal work force—which fell from about 2.3 million (nonpostal) employees in 1990 to fewer than 1.9 million nine years later—have checked "the influx of new people with new skills, new knowledge, new energy, and new ideas." The "reservoir of future agency leaders and managers" has been depleted.

"For Goodness' Sake: Why So Many Want Religion to Play a Greater Role in American Life."

Public Agenda, 6 E. 39th St., New York, N.Y. 10016. 58 pp. $10.
Authors: *Steve Farkas et al.*

Two-thirds of Americans apparently like the idea, championed by President George W. Bush, of providing federal funds to churches and religious groups that aid the needy—but only if they refrain from giving those they help any religious message.

A survey of 1,507 adults last November by Public Agenda, a nonprofit opinion research organization, found that, while 44 percent deemed government funding of "faith-based" charitable organizations a good idea even if the groups did try to promote religious messages, 23 percent went along only if they didn't do that. And 31 percent thought the whole idea was a bad one.

Gallup and other polls in recent years have shown that most Americans regard the current moral condition of the country as a major problem, if not a "crisis." Public Agenda found that 69 percent believe that "more religion is the best way to strengthen family values and moral behavior." Even larger majorities agree that if many more Americans were to become "deeply religious," then crime would decrease, parents would do better at raising their children, and people would do more volunteer work. But a slight majority (52 percent) think that there also would be more intolerance toward "people with unconventional lifestyles." And 54 percent of Jewish Americans and 67 percent of "nonreligious" Americans fear that there probably would be more prejudice toward religious minorities, Public Agenda found (with the aid of supplementary surveys). Only 31 percent of the general public agrees.

About 60 percent of Americans think the Supreme Court has gone overboard in separating church and state, and don't believe that school prayer would violate the Constitution. "At the same time, however," say the Public Agenda authors, "most people are sensitive to the fact that children of all creeds attend the public schools and want a policy that is as inclusive as possible." Remarkably, only six percent favor a Christian prayer referring to Jesus, while 20 percent want a prayer referring to God but no specific religion, and the majority (53 percent) favor a moment of silence. Even 53 percent of self-described "evangelical Christians" subscribe to that as the best solution. "But while large numbers of Americans are looking for the middle ground on the school prayer issue," say the authors, 60 percent of Jewish Americans and 56 percent of nonreligious Americans want to keep both prayer and a moment of silence out of the schools entirely. Only 19 percent of the general public takes that stand.

Despite the broad support for expanding religious influence in American life, 54 percent of the general public (along with 73 percent of Jews and 75 percent of the nonreligious) agrees that it could "easily get out of hand."

"Ever-More-Rooted Americans."

Working paper for "USA: A Century of Difference," a project sponsored by the Russell Sage Foundation, and also supported by the Center for Working Families, University of California, Berkeley. 29 pp. Available at *ucdata.Berkeley.EDU/rsfcensus*. Author: *Claude S. Fischer*

Those who lament the "rootlessness" of modern life often cite the propensity of Americans these days to "pull up stakes" and move. They ought to reconsider, asserts Fischer, a sociologist at the University of California, Berkeley. Census data for the last half-century show that Americans have become *less* likely to change their address.

The decline in the rate of residential mobility since the mid-20th century has been slow but steady, he says. In the late 1940s, about 20 percent of all Americans changed their address annually; in the late 1990s, only about 16 percent did. The large majority of moves are local, and it's in this category that virtually all of the decline has occurred. Americans still make "distant" moves (across county lines) at about the same rate.

During the 19th and early 20th centuries, Americans seem to have moved more often (though data are fragmentary). In Sangamon County, Illinois, for example, only two of every 10 households present in 1840 were still there a decade later.

Not surprisingly, Americans in their early twenties are the most likely to move, as they leave their parents' home, marry, and become parents. Distant moves are usually for job-related reasons, while local moves are usually to obtain better housing, Fischer says. People in their late twenties or early thirties with a college degree are more likely than others to make distant moves, while high school dropouts are more likely to make local ones. "Much of American residential mobility," says Fischer, "is composed of repeat moves by the same people."

If residential mobility has decreased, what accounts for the many casual scholarly references to *increased* mobility and "rootlessness"? Perhaps, says Fischer, social scientists find their "grand narrative" about modernity's "socially disorganizing and psychologically alienating" impact simply too good a story to let inconvenient facts get in the way.

Wilson Center Digest

"The Currency Conundrum."

A conference held Jan. 11, 2001, at the Wilson Center, sponsored by the Center's West European Studies program.

Ever since President Richard M. Nixon's 1971 decision to take the dollar off the gold standard, the United States and other nations have had to pay close attention to their respective currencies' exchange rates. Their management of those rates hasn't always been done well, as the major financial crises in Asia, Mexico, Russia, and elsewhere in recent years attest. In a one-day conference at the Wilson Center earlier this year, specialists discussed the status of the world's three major currencies: the dollar, the yen, and the euro.

The United States' slowing economy and current account deficit (which reached more than $331 billion in 1999 and may have reached a record $450 billion last year) pointed to a decline in the value of the dollar against the euro, said Robert D. Hormats, vice chairman of Goldman Sachs (International). In just the last few months of 2000, the euro's value relative to the dollar rose nearly 20 percent, to $0.94, at the time of the conference.

Norbert Walter, managing director of Deutsche Bank Research in Germany, said the European Monetary Union's requirements that full members' fiscal deficit be no more than three percent of gross domestic product (GDP), and their national debt no greater than 60 percent of GDP, had led to improved economic policies and competition among member nations to reduce taxes. The changes have made Europe more attractive to investors, he noted, including those in the United States.

Walter said he would not be surprised to see the euro reach parity with the dollar or even $1.10 in the near future.

Japan, with a stagnant economy, is another story. On the day of the conference, the yen had slipped to 117 to the dollar. Eisuke Sakakibara, director of the Global Security Research Center at Keio University in Tokyo and formerly Japan's vice minister of finance for international affairs, said he expected the yen to fall soon to 120 to the dollar and perhaps then to plummet to 130 or lower. Although Japan's dynamic export industries have high levels of productivity and continue to do well, they employ only about 10 percent of Japanese workers, he noted. The other 90 percent work in construction, retail trade, health care, and other areas that are heavily dependent on government subsidies and protection. Productivity in this part of the economy is only about two-thirds the U.S. level. Sakakibara, who blamed many of Japan's economic problems on the state of its political system, was pessimistic about the prospects for economic improvement anytime soon. A slowing U.S. economy, he noted, will hurt Japanese exports.

The United States should work with Japan to limit depreciation of the yen, argued C. Fred Bergsten, director of the Institute for International Economics and a former official in the Nixon and Carter administrations. The challenge for the new Bush administration, in his view, is to manage the needed decline in the dollar's value without letting it drop so rapidly that the U.S. economy is seriously hurt.