

John Taylor and The Dilemma of the Serious Public Servant

Remarks of Peter R. Fisher

When I think of the meaning of John Taylor's government service – especially his service as Under Secretary of the Treasury – I am struck by John's particular corner solution to the dilemma of the serious public servant.

When I arrived as John's domestic counterpart, I thought I knew what was wrong with Washington. I thought a handful of obstinate ideologues, refusing to listen to others, were throwing sand in the gears of government, preventing progress. Senators putting holds on nominations (like mine) for extraneous reasons seemed proof enough. I quickly learned I was precisely mistaken.

I was correct that there are a few people in Washington who will tell you what they believe, will tell they are going to fight like hell for what they believe, and then they do: they stick to their principles. Most just get up in the morning and stick a finger in the air to see which way the wind is blowing. They are almost impossible to deal with because they do not know what they think; they follow the ever-changing path of least resistance. Progress depends entirely on those who will explain their principles – what they believe in – and stick to them, making it possible to appeal to principle to find common ground in pursuit of a common good.

The dilemma of the serious, senior public servant is this:

1. How much of your limited time and discretion should you commit unflinchingly to a few important principles, both to resist bad ideas and to do the most you can to make at least your corner of the world a better place, at the risk of being branded as having a tin ear for politics, as an obstinate ideologue, or worse?

And, in the alternative:

2. How often should you bend to the political winds of the day – deferring to others, accepting that our federal government has many competing objectives – and accommodate your principles to other priorities and personalities, to avoid standing out as one of the obstinate few but at the risk of doing less than you might to make the world a better place?

Even if he did not actually adopt a pure corner solution, deep down I think John Taylor does not even recognize this as a dilemma. And, in defending unflinchingly his principles, John helped make the world a better place.

To mention just my favorite examples, I recall with admiration John applying his best efforts to use Argentina as an opportunity to lean against providing liquidity to the insolvent and lending into arrears. I also think of his vigorous support for making grants, not loans, to the poorest nations, nudging us in this more sensible direction. In each case, John was steadfast in support of one of my favorite principles: the principle that it is not a good idea to lend money to people who cannot pay you back. It is not good for them, nor for you.

In promoting the use of collective action clauses, against the conventional wisdom, John promoted the important corollary: nations should not borrow money they may not be able to repay without a plan – any plan – to avoid the problem of holdouts in restructuring. And now, for the last decade, almost all newly issued emerging market sovereign debt include collective action clauses.¹

Even if John had never made his many contributions to all the different subjects discussed this afternoon, his service at the Treasury would still have struck a blow for financial thoughtfulness and been an example of unflinching adherence to core principles.

George Bernard Shaw explained: “The reasonable man adapts himself to the world: the unreasonable one persists in trying to adapt the world to himself. Therefore all progress depends on the unreasonable man.”²

But Shaw overstates his case. Being unreasonable – or appearing to be unreasonable – may be a necessary but cannot be a sufficient condition to be an agent of progress. Being an unreasonable reactionary, and creating chaos in pursuit of dubious principles, are no guarantee of social or economic advance, as we may now be observing.

History will judge whether the unreasonable man is unreasonable in pursuit of great reason and a greater good, or not.

We can now judge John as successful. John effectively helped to bend the course of international financial policy in more sensible directions. He helped make his corner of the world a better place – and at some cost.

John, I am grateful for your example and for what you accomplished.

I hope you can forgive those who lack the fortitude to risk the slings and arrows that will come if they adopt your resolute solution to the dilemma of the serious public servant.

¹ *The International Architecture for Resolving Sovereign Debt Involving Private-Sector Creditors – Recent Developments, Challenges, and Reform Options*, IMF (September 23, 2020).

² *Man and Superman*, Shaw (1903).