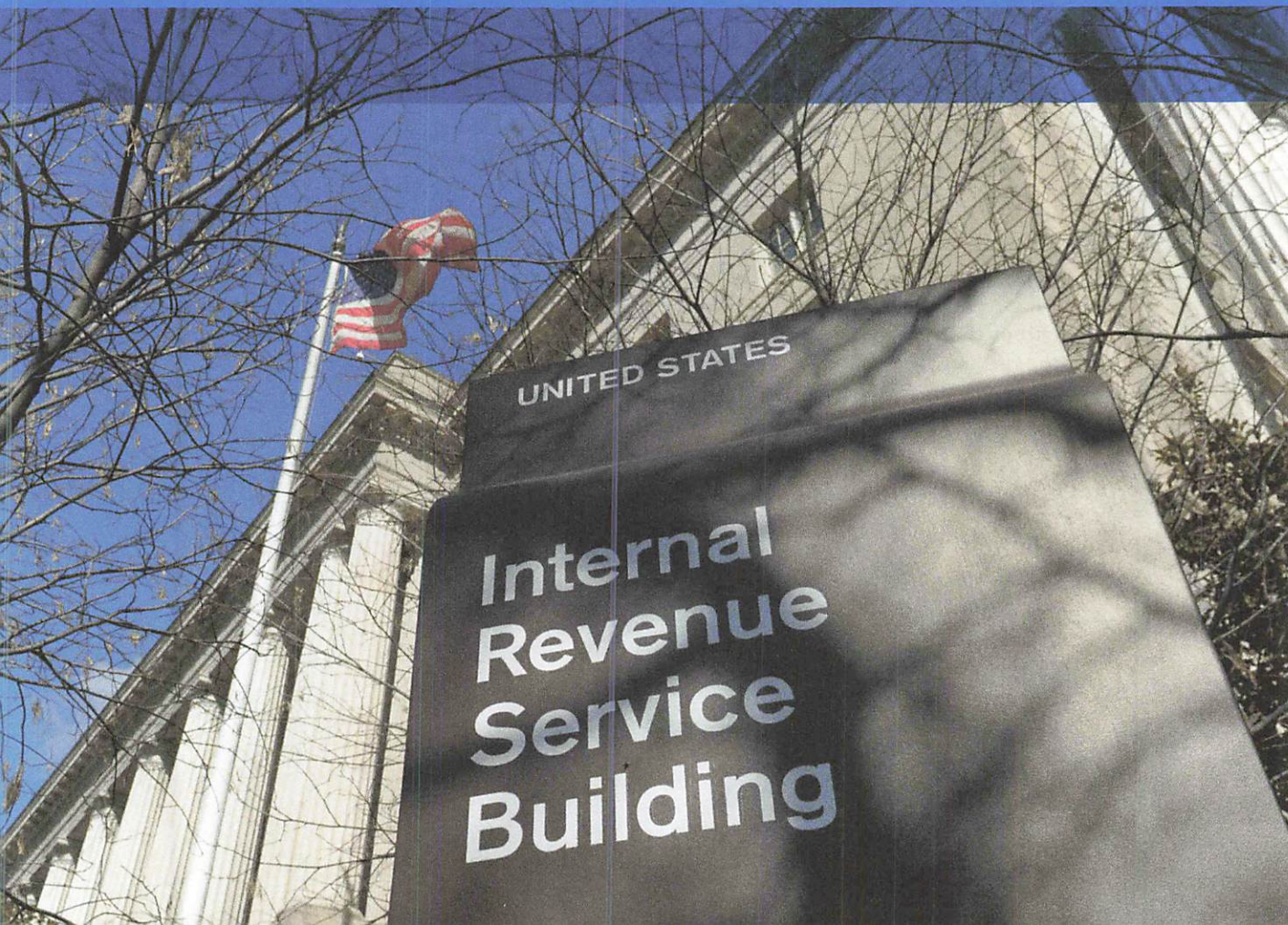


CHAPTER 13

MYTHS & REALITIES

Are Washington bureaucrats unresponsive and incompetent?

Bureaucracy



Cries for Help—and Shattered Expectations

September 1, 2005: It had been three days since Hurricane Katrina had reached New Orleans and damaged the levies that protected the city. Entire sections of the city were underwater, and many residents were still trapped in their homes or unaccounted for. Approximately 20,000 individuals had sought shelter in the Louisiana Superdome, but the supplies on hand to handle that number of people were running low. When the mayor, Ray Nagin, went on a local radio program that evening, the sense of anger was palpable as he made his plea to the public:

Organize people to write letters and make calls to their congressmen, to the president, to the governor. Flood their doggone offices with requests to do something. This is ridiculous.

I don't want to see anybody do anymore goddamn press conferences. Put a moratorium on press conferences. Don't do another press conference until the resources are in this city. And then come down to this city and stand with us when there are military trucks and troops that we can't even count.

Don't tell me 40,000 people are coming here. They're not here. It's too doggone late. Now get off your asses and do something, and let's fix the biggest goddamn crisis in the history of this country.¹

The lack of a quick and effective response by the federal government to Hurricane Katrina in 2005 raised major questions about the competence of one particular federal agency: the Federal Emergency Management Agency, or FEMA.²

< Although Americans deal with different bureaucracies every day, it is the Internal Revenue Service that stands out as the symbol of government's role in their lives.

CHAPTER OUTLINE AND FOCUS QUESTIONS

Bureaucracy and Its Myths

A Profile of the Federal Bureaucracy

> Who works in the bureaucracy? What do these people do? Where do they work?

The Growth of the American Bureaucracy

> What factors have led to the growth of the federal bureaucracy?

Bureaucratic Power

> What are the sources of (and limits on) bureaucratic power?

Bureaucratic Problems and Reforms

> What are the major problems with bureaucratic behavior, and what steps have been taken to control them?

Created under an executive order issued by President Carter in 1979, FEMA was a response to calls from governors and mayors for greater coordination among the dozens of federal agencies and programs designed to provide assistance after disasters struck their states and communities. But the cries for help from Nagin and others in the aftermath of Katrina involved much more than attacks on FEMA or other government officials. They were pleas for assistance that came from public officials who were themselves expected to respond to these emergencies. They involved calls for mobilizing all available human and material resources to deal with immediate emergencies, and what Nagin expressed in his outrage was the sense that government in general—and FEMA in particular—was just not living up to expectations.

Policy and Performance Expectations

Expectations play a critical and complicated role in how we view government. For the current purposes, we can distinguish between two types of expectations—those related to policies and those related to performance. Policy expectations reflect our opinions about what laws, regulations, and programs government ought to establish to deal with public problems. We expect our local government to put up traffic signals at dangerous intersections, just as we expect Congress to respond to severe economic downturns with stimulus packages that lower taxes or temporarily increase government spending. The American public typically expresses these policy expectations through elections, lobbying, public opinion polls, and debates and discussions about what ought to be done.

Performance expectations, in contrast, focus on whether and how those policies are being carried out. We expect that those traffic signals will reduce the number of accidents, just as we expect the economic stimulus package to get the economy back on track. In the case of dealing with disasters and other emergencies, the creation of FEMA met the policy expectations of state and local officials, but there have been instances when the agency's performance has been far below public expectations.

The situation is more complicated than we have described, however. Once FEMA was created, it had its own set of policy expectations. It needed Congress and the White House to do their job by providing FEMA with the authority and resources needed to carry out the agency's job.³ Within the agency, FEMA's managers had performance expectations that applied to those at the street level of the government's emergency response network—people like mayors, who, in turn, expected FEMA to help them meet the performance expectations of the communities they served.



During the 1990s, FEMA was transformed into one of the federal government's most effective agencies, and it played a major role in dealing with disasters such as the devastation from the September 11, 2001, attack on the World Trade Center.

In this chapter we turn our attention to those institutions and individuals whose primary job it is to carry out the “business” of government—that is, to meet the performance expectations established by policymakers and demanded by the public they serve.

Bureaucracy and Its Myths

FEMA is one of thousands of agencies established at every level of government to implement public-sector policies and programs. The term bureaucracy is the label we typically use when discussing these agencies and the millions of individuals they employ, but the term does not do justice to the complex arrangements of agencies and people who engage in enforcing law and implementing policies and programs in the United States. Technically, as described by the sociologist Max Weber,⁴ a **bureaucracy** is a type of modern organization that has the following characteristics:

Bureaucracy Any large, complex organization in which employees have specific job responsibilities and work within a hierarchy. The term often refers to both government agencies and the people who work in them.

- It has a clearly defined jurisdiction that establishes what the organization can do, as well as how and where it can act.
- It operates in accordance with hierarchical principles; that is, a bureaucrat follows the orders handed down from a person at the next-higher level of authority.
- It relies on stable and clear rules; ideally, all decisions and actions must be based on clearly stated rules.
- It empowers its officials but locates power in the position (office), not the person who holds the office; the individual bureaucrat cannot exercise that official power outside the confines of his or her office.
- It is composed of career-oriented professionals appointed on the basis of competence, skill, and merit who are paid a salary; they cannot personally benefit from the actions they take in office and should not be subject to political pressure.

Although there may be parts of the U.S. bureaucracy that have these Weberian features, the actual structure and operations of these agencies take many forms. As important for our purposes is the public image of the bureaucracy, which runs the gamut from very positive (“government by professionals”) to very negative (“government by power-hungry incompetents”). In recent years, the negative view has prevailed, supported by two popular myths that have taken root in today’s American political culture: the *myth of bureaucratic incompetence* and the *myth of the unresponsive bureaucracy*.

What the Public Thinks

Behind the myth of bureaucratic incompetence is a widely held belief that governments ought to be as efficient and effective as businesses. The myth of bureaucratic incompetence has emerged because most government programs do not seem to measure up to private-sector standards. To most Americans, the federal bureaucracy seems too large and cumbersome, bloated by wasteful practices and inefficiencies.

Public opinion surveys illustrate the growing popularity of this myth. Each election year, a consortium of political scientists at the American National Election Studies Center conduct a survey of the American electorate, and for most of those years they included a question regarding government performance. Asked

whether they “think that people in the government waste a lot of money we pay in taxes, waste some of it, or don’t waste very much of it,” the responses have turned decidedly negative over time. Forty-three percent of those surveyed in 1958 said they believed government wasted “a lot” of the money they paid in taxes, but starting in the late 1960s the responses turned increasingly negative, ultimately reaching 78 percent in 1980. Reflecting the changing political landscape and general distrust of government, those responses have rarely slipped below 60 percent during presidential election years and remained in the 70+ percent range in 2008 and 2012.⁵

This negative attitude is complemented by a general lack of confidence in the ability of the government to deal with a growing list of public problems. After being asked by an Associated Press–NORC poll to name issues that the federal government needed to address in 2016, only 8 percent of respondents expressed a good deal of confidence that the government could deal with those issues, and more than 60 percent expressed no or only “slight” confidence. Although the survey found partisan divisions among the respondents when it came to listing what issues ought to be addressed, there was no significant difference between Republicans and Democrats when it came to the lack of confidence.⁶

The myth of an unresponsive bureaucracy is also reflected in public opinion survey results. In one poll conducted by the Pew Research Center in March 2016, 79 percent of respondents indicated that they were either “frustrated” or “angry” with the federal government. As notable was the fact that although the sense of anger and frustration was highest (93 percent) among those identifying themselves as conservative Republicans, it was still evident among self-identifying liberal Democrats (71 percent).⁷

This negative view had been building over the past half century, as a growing number of Americans came to believe the government was listening more to special interests than to the general public. An exit poll conducted on Election Day in 1964 by American National Election Studies Center found that only 29 percent of respondents felt that the government was run by a “few big interests,” whereas 64 percent thought that the government was run for the “benefit of all people”; in 2012, the same Election Day survey found the numbers completely reversed, with 79 percent agreeing that the government operated for the benefit of the few big interests and only 19 percent regarding it as being run for the benefit of all.⁸

Public concerns about the competence and responsiveness of government agencies also reflect a more general distrust of American government that has reached historically high levels in recent years. Examining various poll results regarding the level of public trust in government, the Pew Research Center found that public trust has gone from 73 percent in 1958 to 19 percent in 2015, whereas explicit distrust has ranged from 23 to 80 percent for the same years.⁹

There is little doubt that the American public has issues with their government, and these surveys and polls indicate that the general negative attitude seems to support the myths of an incompetent and unresponsive bureaucracy. But evidence also indicates that the public’s views are different when asked about specific agencies and institutions. As Figure 13.1 indicates, a September 2015 survey conducted by the Pew Research Center found that, with few exceptions,

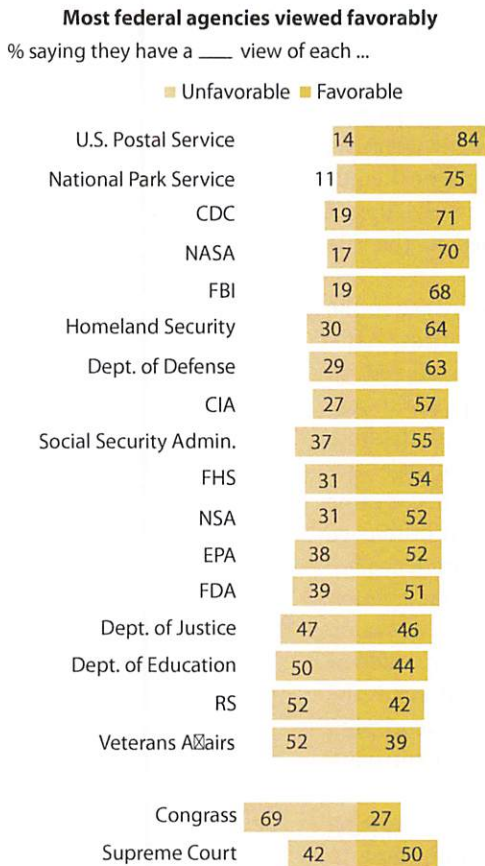


FIGURE 13.1 How the Public Views Specific Agencies

Sources: Pew Research Center, "Ratings of Federal Agencies, Congress and the Supreme Court," in *Pew Research Center, November 2015, "Beyond Distrust: How Americans View Their Government,"* p. 58, <http://www.people-press.org/files/2015/11/11-23-2015-Governance-release.pdf>.

Political appointees

Government officials who occupy the most strategically important positions in the federal government; most of them are appointed by the president.

the public has a favorable view of many major federal agencies. Moreover, even the agency rated most unfavorable—the scandal-ridden Department of Veteran's Affairs—was viewed more favorably than the U.S. Congress. In addition, a number of field studies designed to test the basic assumptions underlying the myths and the overall case against bureaucracy indicate there is little evidence to support them.¹⁰

Thus, there is evidence that, in contrast to the popular myths of incompetence and unresponsiveness, government agencies are reasonably efficient and effective, and although most Americans have little good to say about "bureaucracy" in general, they typically give good marks to those public services they have regular contact with. Much of the problem, it seems, is that Americans lack a basic understanding of what government does and how it does it. In the rest of this chapter we will provide you with a view of the federal bureaucracy that should help you make sense of this critical institution. We will start by offering a profile of the bureaucracy and then consider how and why it grew. We will then turn our attention to the power of public sector bureaucracies, followed by an overview of the problems and issues that have emerged as government has grown.

A Profile of the Federal Bureaucracy

> Who works in the bureaucracy? What do these people do? Where do they work?

The myths of an incompetent and unresponsive federal bureaucracy result in part from a lack of knowledge about the agencies and the people who make up the administrative machinery of our government. We often hear complaints about the bureaucracy as though it were a monolithic entity that could be found in a particular location in the middle of

Washington, DC—just like Congress or the White House or the Supreme Court. As we shall see, the facts offer an entirely different picture.

Who Are the Bureaucrats?

We have noted that the term bureaucracy is ambiguous, and it is even more misleading when the term "bureaucrat" is applied to those who carry out the public's business. For our purposes, the term applies to the 2.7 million nonelected civilian federal employees working full- and part-time in the United States and abroad. Although we focus on those civilian federal workers, we should keep in mind that another 1.4 million are on active duty in the military and more than 19 million people work for state and local governments.¹¹

Political Appointees. The federal government has adopted several different personnel systems to manage this large and diverse workforce. The most visible system consists of **political appointees**, who occupy the most strategically important positions in government. At the top of this group are the members of the president's **cabinet**, an official advisory board comprising the heads of the fifteen major departments responsible for carrying out most of the federal government's policies and programs (see Chapter 12). The heads of these departments have the title of "secretary," except at the U.S. Department of Justice, where the chief officer is called the attorney general. Below them are assistant and deputy department secretaries, deputy assistant secretaries, counselors, and a variety of other appointive positions (see *Asked & Answered*, p. 406).

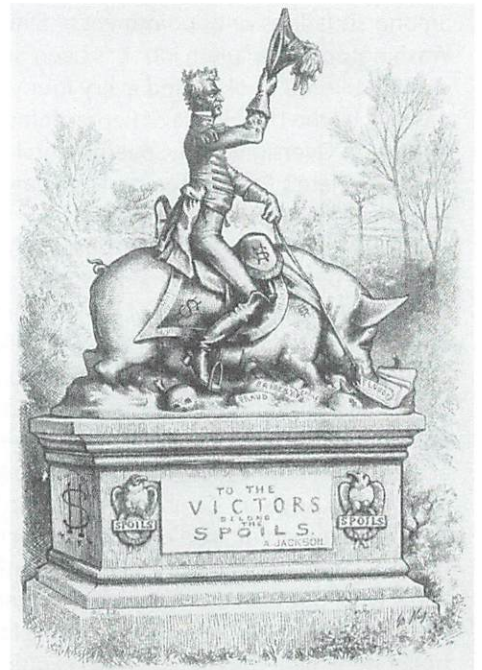
Beyond these presidential appointments, several thousand others can be filled by noncareer appointees. For example, every year the Office of Personnel Management designates a certain number of executive and managerial "spaces" for each agency based on an assessment of the agency's needs. During the two-term presidency of George W. Bush, there were more than 3,800 such general spaces, and agency heads could fill these spaces with either career or noncareer personnel within certain limits set out in federal personnel policies. Still another 2,000 appointments fell under rules that made temporary exceptions to the appointments process. In short, although the number of political appointees in the federal government is a relatively small portion of the total civilian workforce, the complex rules of government employment give the White House considerable leverage to make strategic appointments.¹²

The fact that the White House can make thousands of political appointments may seem significant today, but at one time in our history, political appointees made up a vast majority of the federal bureaucracy. **Patronage**—the term generally given to systems in which individuals received government positions through noncompetitive means—was commonplace. Presidents often used patronage to reward their supporters, but just as often they used it to help offset political divisions within the country and to provide access to positions of power in government. George Washington, for instance, included both Alexander Hamilton and Thomas Jefferson in his first cabinet, despite the deep divisions between them. Thomas Jefferson used patronage in 1801 when he replaced many government workers who were loyal to John Adams and the Federalist Party with individuals who would be committed to his political objectives.

However, the first wholesale application of patronage appointments followed Andrew Jackson's election nearly three decades later. Jackson was committed to opening up government positions to ordinary American citizens, and the political appointment process was his means of promoting democracy. Others in the Jackson administration, however, regarded such appointments as a way to reward those who supported him in

Cabinet An official advisory board to the president, made up of the heads (secretaries) of the major departments in the federal government.

Patronage A system of filling government positions in which individuals receive positions through noncompetitive means. It is used as a means both to reward supporters and to bridge divisions within the country through access to positions of power.



Andrew Jackson regarded patronage as a means for opening up government jobs to everyone, not just the elite few. By the 1870s, however, the system for giving out government jobs and contracts had become corrupt. In this 1877 political cartoon, Jackson's spoils system was ridiculed by those seeking reforms.

ASKED & ANSWERED

ASKED: What are the plum jobs in the federal government?

ANSWERED: There are many ways to find out about employment opportunities in the federal government. You can visit the U.S. Office of Personnel Management's official job-listing website (<http://www.usajobs.gov>), try the Federal Jobs Digest website (<http://www.jobsfed.com>), or look for listings at the Federal Times site (www.federaltimes.com). But what if you are interested in aiming high—that is, looking for one of those plum jobs in Washington?

According to the Oxford English Dictionary, one of the figurative definitions of plum is “a good thing’ . . . one of the best or choicest things among situations or appointments.” Since 1960, in Washington, DC, a “plum job” has been one listed in a plum-colored book issued every four years, alternately by the U.S. House of Representative’s Committee on Oversight and Governmental Reform or by the Senate’s Committee on Homeland Security and Governmental Affairs.

Under the rather boring title of *United States Government Policy and Supporting Positions*, the Plum Book,* as it is known, is one of the most informative documents on the shelves of those who keep track of who’s who in the government. It contains the names and positions of all those who hold the “non-competitive” appointment positions in every agency at the time of publication. Do you want to know who sits on the Advisory Council on Historic Preservation? Or how about the executive director of the Harry S. Truman Scholarship Foundation? Want to know what pay plan the White House chief of staff is compensated under? Or when the term of the comptroller general of the United States expires (his term is up in 2025)? All this information can found by using

the Plum Book App at <https://m.gpo.gov/plumbook>. The Plum Book has been updated every four years immediately following a presidential election, and the most recent edition was posted after the 2016 election.

For those who succeed in getting one of the plum jobs, there is another available resource to make their transition to their new position easier. The Political Appointee Project, originally organized by the National Academy of Public Administration (<http://www.politicalappointeeproject.org/>), is an online resource that focuses on the toughest positions in the federal government and, at times, the toughest positions in specific areas of government. Originally issued in 1988 as the “Prune Book”† by the Council for Excellence in Government, it profiles and offers advice‡ to potential appointees based on the premise that a “thick skin is essential armament in the politically charged environment in which you will be working.” The site is filled with practical lessons drawn from experienced plum job veterans as well as general insights into the major programs and trends that new appointees can expect in their positions.

* To see a searchable online version of the most recent Plum Book, visit <https://m.gpo.gov/plumbook>

† “A prune,” the book’s authors explained in their 2004 edition, “in our lexicon, is a plum seasoned by wisdom and experience, with a much thicker skin.” *The 2004 Prune Book: Top Management Challenges for Presidential Appointees*, by John H. Trattner with Patricia McGinnis, was published by the Brookings Institution; you can read about it (and read the first chapter) at <http://www.brookings.edu/press/Books/2004/2004prunebook.aspx>.

‡ See “A Survivor’s Guide for Presidential Nominees” at <http://www.napawash.org/wp-content/uploads/2013/05/SurvivorsGuide2013.pdf>.

the election. For them, patronage was not a tool for democracy, but a reward for electoral victory. “To the victor go the spoils” was the phrase used by one defender of this system, and thus the idea of the **spoils system** was born.

The Jacksonian spoils system influenced the design and operation of the federal government for several decades. Under this system, the federal bureaucracy was probably more than usually responsive to the president’s wishes, because loyalty to the White House was the key to getting the job in the first place. But there was another important outgrowth of this patronage approach. Because no one stayed in any position for long, government jobs had to be redesigned and standardized so that anyone could step in to perform the tasks the position required. Thus, the job of being a postal clerk or a customs tax collector was made much simpler and less demanding. Instead of seeking people with special skills for special jobs, government agencies hired less-skilled people and then trained them to do the tasks demanded by the simply designed positions.¹³

Merit Systems. Patronage and the spoils system it bred inevitably led to undesirable outcomes, such as widespread political corruption in the administration of Ulysses S. Grant and the assassination of the president, James Garfield, in 1881 by a disgruntled office seeker. These events led to calls for reform, and in 1883 Congress passed the **Pendleton Act**, which reduced the number of political appointments a president could make and established a merit system for about 10 percent of the existing federal jobs. A **merit system** stresses employees’ ability, education, experience, and job performance; political factors are not supposed to be considered. Hiring and promotion depend on competitive examinations or job performance evaluations, usually overseen by a civil service commission or a professional personnel office.

The national government’s merit system now applies to almost all federal civilian jobs. More than two-thirds of federal civilian employees come under the **General Schedule civil service system**, which covers government positions from weather forecasters to financial analysts and from librarians to civil engineers. Many of these federal workers obtain their jobs through a competitive process, and most are ranked according to a schedule that currently runs from General Schedule 1 through General Schedule 15 (see Table 13.1).

At the top of the general civil service and sitting astride the political appointee system is the **Senior Executive Service**, a select group of career federal public administrators who specialize in managing public agencies. Most of the career (permanent) civil servants in the elite Senior Executive Service have made their mark as effective managers within the particular agency at which they have spent most of their career.

Besides the general civil service and the Senior Executive Service, there are **career service personnel systems** for highly specialized agencies, such as the Forest Service and the Coast Guard; approximately 15 percent of nonpostal federal civilian employees fall into this category. Perhaps the best known of these career service systems is the Foreign Service, which includes more than 13,000 State Department officials who serve in American embassies throughout the

Spoils system Taken from the phrase “to the victor go the spoils,” a patronage system in which government jobs at all levels are given to members of the party that has won the top political office.

Pendleton Act A law passed in 1883 that established the first merit-based personnel system for the federal government.

Merit system A system that stresses the ability, education, and job performance of government employees rather than their political backgrounds.

General Schedule civil service system The merit-based system that covers most white-collar and technical positions in the federal government.

Senior Executive Service The highest category of senior-level federal employees, most of whom form a select group of career public administrators who specialize in agency management.

Career service personnel systems Separate personnel systems for highly specialized agencies like the Coast Guard and the Foreign Service.

TABLE 13.1 Pay for Meritorious Service: The Salary Scale for White-Collar Federal Employees, 2016

Base salaries for federal workers generally reflect the pay earned by their counterparts in private industry, except at the higher levels, at which ceilings on compensation are imposed by Congress. These salary figures will vary from locality to locality.

Grade: Salary Range for 2014 (General Civil Service)	
1: \$18,343–\$22,941	9: \$42,823–\$55,666
2: \$20,623–\$25,959	10: \$47,508–\$61,306
3: \$22,502–\$29,252	11: \$51,811–\$67,354
4: \$25,261–\$32,839	12: \$62,101–\$80,731
5: \$28,262–\$36,740	13: \$73,846–\$96,004
6: \$31,504–\$40,954	14: \$87,263–\$113,444
7: \$35,009–\$45,512	15: \$102,646–\$133,444
8: \$38,771–\$50,399	

Source: <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/16Tables/html/GS.aspx>

world. The Department of Veterans Affairs (formerly the Veterans Administration) operates the largest career service system, employing more than 36,000 physicians and surgeons. Altogether, approximately 125,000 federal civilian employees occupy positions in these career service systems.

Wage systems Federal personnel systems covering more than a million federal workers who perform blue-collar and related jobs and are largely represented by unions or other associations with limited bargaining rights.

Wage Systems. Finally, a little less than a million workers can be classified as part of the federal government's wage systems. Included in this group are those with blue-collar and related jobs, ranging from pipefitting to janitorial work. More than 764,000 career and noncareer postal workers make up the largest single organized group in this category. Many of the workers in these wage systems are paid by the hour, and a great many are represented by unions or other associations that have limited bargaining rights under current civil service laws.

What Do Federal Bureaucrats Do?

The primary role of the national bureaucracy is to implement the policies of the federal government. In that sense, the work of federal agencies touches almost every aspect of American life. Sometimes these agencies carry out the policies themselves. For example, the Federal Aviation Administration employs air traffic controllers to oversee the growing volume of aviation in America's skies, and federal rangers protect and manage national parks and forests throughout the country. We also deal directly with federal employees when the U.S. Postal Service delivers our mail, when we have questions about social security benefits, or when we have problems with our federal taxes.¹⁴

At other times, the federal bureaucracy carries out its implementation tasks indirectly, through a variety of arrangements that one analyst has termed “government by proxy.” **Proxy administration** of government programs includes such things as government contracts, grants-in-aid, loan guarantees, and the establishment of government-sponsored enterprises to carry out government programs.¹⁵

Outsourcing. Many government activities are carried out through government contracts with private firms, or **outsourcing**. The U.S. Department of Defense makes use of this approach when it hires private companies to build weapons systems or supply food for the troops. At the local level, most municipalities have outsourced trash collection and recycling functions to private firms. In other words, “contracting out” is widely used throughout government, but especially at the federal level. Contracting with government is a major source of business for many of America’s largest firms.¹⁶ For Fiscal Year 2016 (October 1, 2015, through September 30, 2016), for example, the Lockheed Martin Corporation earned more than \$28.1 billion from more than 72,000 contracts it had with the federal government, mostly with the Department of Defense. Although that is a significant amount of business for one company, we should view it with the knowledge that the federal government purchased more than \$272 billion in goods and services from more than 140,000 private companies during that same year involving more than 2.4 million transactions.¹⁷

The role of contractors is looming ever larger in the federal government’s budget. According to one estimate, if you consider only those federal funds spent on providing public-sector goods and services (that is, excluding grants, loans, entitlement payments such as Social Security, and so on), approximately 60 percent of the federal budget is spent through outsourcing and related transactions. Much of the budget of the National Aeronautics and Space Administration (NASA) is spent through contracting, as is a good portion of the Department of Energy’s annual budget. Three-fourths of the national government’s spending on research and development is done through contracts to think tanks, university labs, and private industry. The idea of outsourcing work to the private and non-profit sectors is not new in Washington, but it has increasingly become the preferred way of doing the government’s business.¹⁸

Perhaps the most significant use of contractors in recent years has been the reliance on private firms by the Department of Defense in its conduct of the post-September 11 war efforts in Iraq and Afghanistan. In 2006, for example, one contractor, Kellogg Brown and Root, had approximately 50,000 employees stationed in Iraq and Kuwait to provide logistical support and services for the U.S. military. The contract has brought in more than \$12 billion to the company since 2002, when the first contracts for the Iraq war operation were initiated.¹⁹ More often than not, today’s federal bureaucrat deals with contractors rather than directly with the public.

Loans/Loan Guarantees. The federal government also uses other indirect means to carry out some of its policies. An increasingly popular approach is the use of lending programs.²⁰ Through various federal loan guarantee programs, agencies are able to induce private financial institutions to lend money to home buyers,

Proxy administration The government’s use of indirect means to deliver public goods and services, such as contracting, grants-in-aid, loan guarantees, and government-sponsored enterprises.

Outsourcing The use of private firms, nonprofit agencies, or individuals to produce or deliver public goods and services through contracts.

Loans/loan guarantees An indirect (proxy) approach to implement public policies by providing direct loans or obligating a government agency to repay loans made by borrowers in case they default on the loan.

Among the most controversial examples of government use of contractors was the use of private firms to provide “security” for some U.S. operations during the occupation of Iraq. Violent incidents involving one firm, Blackwater, led to investigations highlighting the risks and costs of relying on private companies for jobs that would have otherwise been carried out by military units.



small business enterprises, armers, and even corporations who might not otherwise qualify or who could benefit by receiving lower interest rates. Technically, these guarantees cost the taxpayers little or nothing until and unless the borrower defaults on the loan. One estimate indicates that the government’s administrative costs for loan guarantees (and even direct loans) is less than \$1 for every \$100 borrowed.

Through **direct loans**, a government agency technically gives the qualified recipient an “award” that must be repaid under specific terms. Many students are familiar with the largest such program—the William D. Ford Federal Direct Loan Program, which is administered by the U.S. Department of Education. Until 2010, student loans were part of a “loan guarantee” program in which students would obtain loans from private lenders at a lower interest rate. Today, student loans are made directly by the Department of Education, and it is estimated that more than 60 percent of U.S. students rely on such loans to fund their education. The size and long-term burden of student debt in the United States became a major issue during the 2016 presidential election, with some arguing that with student debt rising, there was need for debt relief or a relaxation of loan repayment requirements.

Roughly calculated, it is estimated that in Fiscal Year 2016 the value of federal direct loans and loan guarantees amounted to \$2.7 trillion.

Government-Sponsored Enterprises. In some cases, the federal government has established special **government-sponsored enterprises (GSEs)**, which, among other functions, make credit for specific purposes more easily available to special populations without relying on loan guarantees. Although they are created by the government, these organizations often operate as if they were privately owned

Government-sponsored enterprises (GSEs)

Federally initiated organizations designed to operate as if they were privately owned and operated, usually established for specific functions that serve targeted populations, such as helping to support inexpensive student loans. Many eventually are privatized.

and operated, and in some cases they eventually are turned into investor-owned organizations; that is, they are privatized. For example, in 1972, the federal government created the Student Loan Marketing Association (known as “Sallie Mae”) as a government-sponsored enterprise designed to promote low-cost loans to students by arranging to “buy” student bank loans from lending institutions and then selling them to investors. The success of Sallie Mae and the desire to have it expand its programs eventually led Congress to convert it into a private corporation in 2004, and today it is a publicly traded company operating under the name SLM Corporation.

But GSEs have not always been trouble free. In 2004, Congress privatized two GSEs established to provide government backing for home mortgages: the Federal National Mortgage Association (known as “Fannie Mae”) and the Federal Home Loan Mortgage Corporation (“Freddie Mac”). Both were successful as private enterprises until the housing market collapsed in 2008, and the federal government stepped in to establish management control over the firms.²¹ Over the next few years, the financial condition of both firms stabilized, and by 2013 they were generating a surplus that went into the U.S. Treasury to repay the bailout of funding and loan guarantees that had saved them from closure.

Beyond their role as the implementers of policies and programs, some federal agencies provide expert advice to policymakers, especially in the design of special policies and highly technical programs. Agencies such as the Bureau of Reclamation and the Army Corps of Engineers develop plans for water diversion and storage projects, which then go to the White House and Congress for revision and adoption as official government programs; those agencies often oversee these programs after their approval. At other times Congress and the president establish the general outlines of policies and leave specific policy decisions to designated agencies. That approach is common with defense policies, in which program details are left to civilian and military experts at the Pentagon.

Where Do Civil Servants Work?

Federal civil servants work in hundreds of agencies, ranging from those closest to the president to agencies with a great deal of independence from the White House.

Executive Office of the President. Faced with the task of managing the federal bureaucracy, the president relies on several agencies that collectively make up the **Executive Office of the President (EOP)** (see Chapter 12).²² Among the most important of the EOP agencies is the **Office of Management and Budget**. The Office of Management and Budget is the president’s principal link to most federal agencies. Almost all federal agencies report to this agency on matters relating to program and budget requests. A smaller (but no less important) group of EOP employees is located in a variety of offices known collectively as the **White House Office**. These staff include the president’s key advisers, as well as those who help the chief executive deal with the day-to-day business of the presidency.

Executive Office of the President (EOP) The collective name for several agencies, councils, and groups of staff members that advise the president and help manage the federal bureaucracy. The EOP was established in the 1930s; the number and type of agencies that constitute it change with each presidential administration.

Office of Management and Budget An agency in the Executive Office of the President that acts as the president’s principal link to most federal agencies. The agency supervises matters relating to program and budget requests.

White House Office An agency in the Executive Office of the President that includes the president’s key advisers and assistants, who help him with the daily requirements of the presidency.

Also found in the EOP²³ are various councils and staff members specializing in particular policy areas. These agencies include the Council of Economic Advisers, the National Security Council, the Domestic Policy Council, the Council on Environmental Quality, and the Office of National Drug Control Policy. The number of these agencies changes with each presidential administration.

The Cabinet Departments. The most visible agencies in the executive branch are the fifteen cabinet departments (see Chapter 12 and Figure 13.2). Each cabinet department is composed of smaller units, called bureaus, offices, services, administrations, or divisions. For example, among the major units in the U.S. Department of the Treasury are the Internal Revenue Service (IRS), the Bureau of the Public Debt, the Financial Management Division, the U.S. Mint, the Bureau of Engraving and Printing, the Office of the Comptroller of the Currency, the U.S. Secret Service, and the Bureau of Alcohol, Tobacco, and Firearms. Many of these units are divided into even smaller subunits.

Historically, there has been no particular logic underlying the way in which cabinet departments are organized. The best way to understand their design is to realize that politics plays an important role in determining the organizational form, status, and location of any agency or function of government.

Independent Executive Branch Agencies. Many federal bureaucrats work for the more than two hundred **independent agencies** that exist outside both the EOP and the cabinet departments. Many of these agencies carry out important government functions. The Environmental Protection Agency (EPA), for example, regulates air and water quality, as well as the use of pesticides, disposal of hazardous wastes, and other challenges to the environment. The National Aeronautics and Space Administration (NASA) runs the civilian space program. The General Services Administration is essentially the government's all-purpose "housekeeping" agency, dealing with everything from paper clips to real estate and building management for many federal agencies. The independent Office of Personnel Management oversees the human resource functions of the federal government. The administrators who head these independent executive branch agencies report directly to the president and do not have to work through a cabinet department bureaucracy.

Here, too, there is no overall rationale for the organization of these agencies. Some are independent, whereas others are part of cabinet departments. Sometimes the nature of what an agency does calls for this special status. In other instances, the political importance of an agency's programs at the time it was created made the difference.

Regulatory Commissions. Employing large professional staffs, **regulatory commissions** make policies affecting various sectors of the American economy. Although their members are appointed by the president, regulatory commissions are formally independent of the White House; that is, they exist independent of the cabinet departments and have a special legal status (provided by Congress and supported by the Supreme Court) that protects them from excessive presidential interference. For example, the president cannot fire commission

Independent agencies

More than two hundred agencies that exist outside the Executive Office of the President and the cabinet departments. Reporting directly to the president, they perform a wide range of functions, from environmental protection (Environmental Protection Agency) and managing social programs (Social Security Administration) to conducting the nation's space policy (National Aeronautics and Space Administration) and helping the president manage the federal government (General Services Administration and Office of Personnel Management).

Regulatory commissions

Federal agencies led by presidentially appointed boards that make and enforce policies affecting various sectors of the U.S. economy. Formally independent of the White House to avoid presidential interference, these agencies employ large professional staffs to help them carry out their many functions.

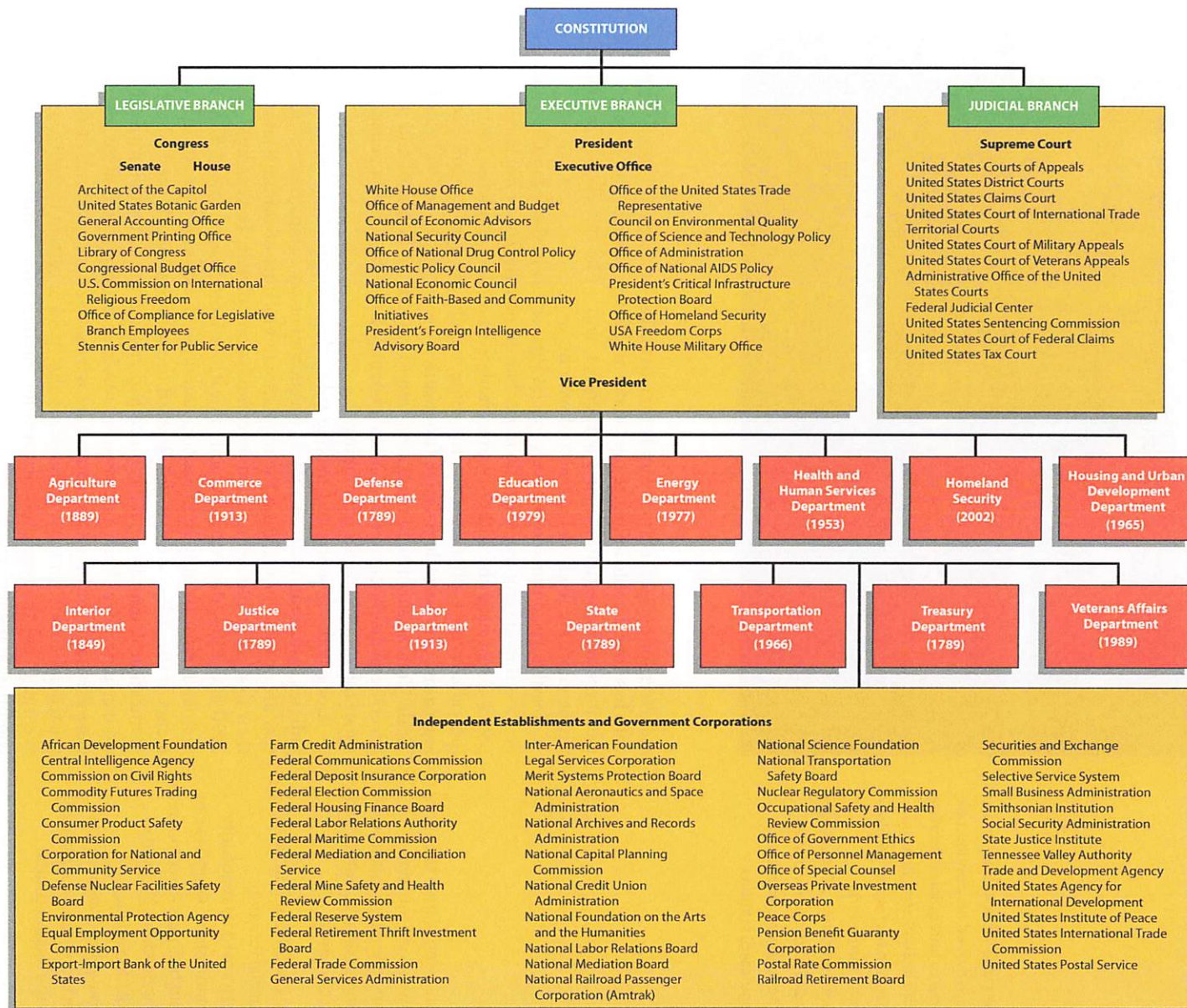


FIGURE 13.2 The Government of the United States

The radio “shock jock” Howard Stern moved his popular talk show to unregulated satellite radio in 2005 after fines imposed on his former employers by the Federal Communications Commission made it difficult for him to broadcast on commercial (regulated) stations.



members for political reasons—only for corruption or a similar cause. The president has considerable influence over many of the commissions; he appoints their members and designates their chairpersons, and so he can choose individuals whose views are likely to be in accord with his own.

Regulatory commissions have a special legal status in the federal bureaucracy because they are empowered to do more than enforce the law or implement public policy. Most have the authority to formulate rules that regulated companies or individuals must adhere to. In this sense, regulatory agencies are performing lawmaking, or **quasi-legislative functions**.²⁴ For example, in 1972 the Federal Trade Commission issued regulations requiring that all billboard and magazine advertisements for cigarettes contain a warning from the surgeon general’s office about the health hazards of smoking.

Along with enforcing and making rules, these commissions also have **quasi-judicial functions** because they sit in judgment on companies or individuals that are accused of violating the regulations. Violators of commission rules get their first court-like hearing before commission officials. For example, between 1990 and 2004, the Federal Communications Commission levied \$2.5 million in fines against Infinity Broadcasting and other stations who had broadcast segments of the radio “shock jock” Howard Stern’s show, which the Federal Communications Commission determined had violated the commission’s regulations against indecency. Each fine was the result of hearings held after complaints were filed, and the broadcast companies were given the opportunity to appeal to the federal courts. In the end, however, they paid or settled the fines, and Stern eventually left the regulated airwaves for satellite radio, which is not subject to commission regulations.²⁵

Quasi-legislative functions

Lawmaking functions performed by regulatory commissions as authorized by Congress.

Quasi-judicial functions

Judicial functions performed by regulatory commissions. Agencies can hold hearings for companies or individuals accused of violating agency regulations. Commission decisions can be appealed to the federal courts.

Government Corporations. A unique form of bureaucracy, the **government corporation** is designed to act more like a private business than like a part of government. As we have already noted, some of these government corporations are actually GSEs. What is distinctive about GSEs is that despite the role of government in their creation and financing, they are treated as private enterprises under the law and are therefore subject to the same rules and regulations as other private corporations. The label of “government corporation,” however, also applies to a number of federal agencies that remain under the executive branch of government but are explicitly designed to operate as if they were independent corporate entities. Some of these are located within cabinet departments. For example, the Commodity Credit Corporation—the organization through which farm subsidy programs are funded—is part of the Department of Agriculture. Still other government corporations—such as the Tennessee Valley Authority and the U.S. Postal Service—exist separate from other federal agencies. Each is run by a chief executive officer who reports to a board of directors and is expected to operate as if the agency were a private corporation. In fact, however, these agencies remain part of government and retain some of the special authority and legal immunities that all public agencies possess.

Most government corporations carry out specific functions, such as generating electric power or delivering the mail. Most are intended to be self-financing, but that does not always work out as planned. The Corporation for Public Broadcasting helps promote and fund the Public Broadcasting System and National Public Radio. In the past, the Corporation for Public Broadcasting has provided significant subsidies for public radio and television, either through government grants or by raising funds privately. That support has decreased in recent years both for financial and for conservative-pressure reasons, leaving Public Broadcasting System— and National Public Radio—affiliate stations with the task of raising money through donations and sponsorships.

Other Agencies. In addition to these five types of federal agencies, there are hundreds of boards, commissions, institutes, foundations, endowments, councils, and other organizations in the federal bureaucracy. They range in importance from the Federal Reserve System (better known as the “Fed”) and the National Science Foundation to the National Telecommunications Information Administration and the U.S. Metric Board.

A Diverse Institution

This profile of the federal bureaucracy makes it clear that we are not discussing a single-minded, monolithic institution. Instead, the federal bureaucracy consists of hundreds of distinct organizations employing millions of individuals—a powerful institution that is so large and complex that to the uninformed citizen it seems to be a maze of shadowy structures to be viewed with sharp suspicion. Typically, Americans’ suspicions regarding public agencies take the form of concerns about both the growth and the power of the federal bureaucracy. As we will see in the sections that follow, those concerns are also built on myths.

Government corporations Public agencies that carry out specific economic or service functions (such as the Corporation for Public Broadcasting and the U.S. Postal Service) and are organized in the same way as private corporations.

The Growth of the American Bureaucracy

> What factors have led to the growth of the federal bureaucracy?

Many Americans believe that the government bureaucracy has grown too large and has become a burden on the American public. They see bureaucratic growth as being an inevitable result of the incompetence and unresponsiveness of government agencies. An incompetent bureaucracy wastes resources. If government workers were more productive, they would use fewer resources, and the result would be smaller but more efficient public agencies. To many Americans, excessive bureaucratic growth is also related to unresponsive government agencies. Unresponsive agencies are more likely to serve their own needs—including the need to grow and expand. A truly responsive bureaucracy would aim to serve the general public's wishes for less, not more, government intrusion.

Has bureaucratic growth been excessive? Is that growth a result of bureaucratic incompetence and unresponsiveness?

Overview of Bureaucratic Growth

The Framers of the Constitution said little about how they thought the policies of the newly established republic should be administered. The Constitution makes the president responsible for ensuring that the laws and policies of the national government are carried out. The tasks that the Framers foresaw for the national government were relatively few and easy to implement. Executing the law meant keeping the peace, defending the country from foreign intruders, collecting import duties and other taxes, and delivering the mail. To the Framers, charging a single individual with overseeing the administration of government did not seem unreasonable. Consequently, in Section 2 of Article II, they made the president both commander in chief of the armed forces and the chief executive officer to whom the heads of all administrative departments would report.

Initially, the Framers' assumptions about the administration of the government were correct. The federal bureaucracy was small, and its functions were simple enough to permit the president to oversee most of the national government's tasks.²⁶ In 1802, for example, there were fewer than 10,000 civilian and military federal employees, and almost all the civilian employees were tax collectors or postal workers.

The number of federal workers grew during these early years. By the 1820s, the national government's civilian bureaucracy had more than doubled. However, that growth did not represent a major expansion of governmental activities. No major new agencies were created during this early period. Most of the growth in federal government jobs took place in the Post Office Department, in which nearly 75 percent of the federal workforce was employed.

A different pattern began to emerge after the Civil War, as Americans demanded more and better government services from elected officials at all

levels. During the last half of the nineteenth century, the number of federal agencies doubled. The major agencies established during that period included the Department of Agriculture and the Interstate Commerce Commission. Federal workers were being hired to regulate railroads, assist farmers, manage the federal government's vast land holdings, survey and help settle newly acquired territories in the West, and promote American commerce overseas. The changing nature of government is evident when the relative size of the post office is considered. In 1861, the post office accounted for 80 percent of all federal civilian jobs; by 1901, post office positions made up only 58 percent of such jobs.²⁷

Rapid bureaucratic expansion continued through the first decades of the twentieth century. Between 1901 and 1933, the number of major federal agencies increased from 90 to 170. Then, responding to the economic and social problems of the Great Depression, the president, Franklin D. Roosevelt, proposed and Congress enacted many new federal programs and agencies, especially in the areas of employment and business regulation. Federal employment jumped under Roosevelt's New Deal, and the demands of World War II led to further growth in the bureaucracy and the expansion of government responsibilities in domestic and foreign affairs.

It is important to put that growth in perspective: although the federal civilian workforce numbers in the millions, it constitutes a relatively small—and shrinking—part of the total U.S. labor force. When we view it as part of the U.S. labor force, the federal bureaucracy does not look as big and is in fact shrinking in size each year. For example, the number of civilians employed in the federal executive branch was as high as 15 federal employees for every 1,000 Americans in 1968; by 2005, that figure was 8.9 per 1,000, and in 2012 it was about 8.4 per 1,000.²⁸ Nor does the federal bureaucracy seem too big when we compare its workforce with the number of civilian workers employed by state and local governments (see Figure 13.3). In relative terms, the federal bureaucracy is not as big as it appears to be at first glance.

Another indicator of bureaucratic expansion is the growing federal budget. George Washington ran the government for about \$1.5 million a year. By the time Andrew Jackson took office in 1829, the federal budget had increased tenfold, to more than \$15 million. By 1940 the budget had climbed to \$9.5 billion, and in 1960 the U.S. government spent a little more than \$92 billion. The greatest growth in federal expenditures, however, took place over the next quarter century. In January 1987, President Reagan submitted the first trillion-dollar budget proposal to Congress, and federal government spending continued to climb under presidents George H. W. Bush, Bill Clinton, and George W. Bush. In February 2014, the Obama administration submitted a proposed budget of \$3.9 trillion for fiscal year 2015, and it projected that spending would reach nearly \$4.7 trillion by the year 2019.

Explaining the Growth of the Bureaucracy

What accounts for the growth of the bureaucracy and of the number of bureaucrats since the late 1800s? Many observers believe that the growth can be

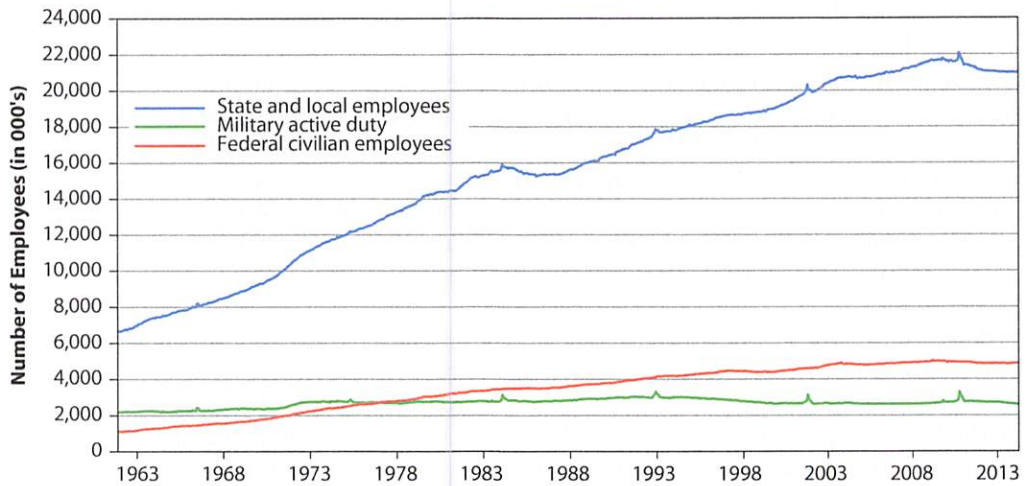


FIGURE 13.3 Relative Size of the Federal Bureaucracy

Contrary to conventional wisdom, the size of the federal bureaucracy has been shrinking, especially in comparison with the growth of state and local government employment.

Source: Federal Reserve Bank of St. Louis, Economic Research Division, <http://research.stlouisfed.org/fred2/categories/32325>.

attributed directly to the expansion of the nation itself. Not only do the residents of cities and suburbs require more services than did the predominantly rural dwellers of the early 1800s, but also the challenges of urban and industrial life have intensified, outstripping the capacity of families or local and state governments to cope with them. Thus, the American people have increasingly turned to the national government for help.

The federal bureaucracy has also expanded in response to sudden changes in economic, social, cultural, and political conditions. During the Great Depression and World War II, for example, the federal bureaucracy grew to meet the challenges these situations created. It increased its regulation of important industries, and during the war it imposed controls on much of the American economy. When these crises ended, the public was reluctant to give up many of the federal welfare and economic programs that the government had implemented.

Political leaders, too, foster bureaucratic growth. Presidents running for reelection often enlarge government bureaucracies so that they can leave their mark on history. We have noted the large expansion of the federal bureaucracy that occurred under Franklin D. Roosevelt's New Deal. There is also considerable evidence that the bureaucracy itself plays a role in developing and expanding government programs.²⁹ Some analysts point out that expansion of their agency's programs and budgets is among the few personal rewards that bureaucrats can seek because compensation for public employees is limited and opportunities are very limited. Thus, a number of factors have contributed to the growth of the federal bureaucracy.

Bureaucratic Power

> What are the sources of (and limits on) bureaucratic power?

To operate effectively, government must employ qualified personnel and have the financial resources to enable these employees to carry out their jobs. Another critical ingredient, however, is **bureaucratic power**. Government agencies require power if they are to be competent. This requirement is so great that one student of American public administration has called power the “lifeblood of administration.”³⁰ Without sufficient power, government agencies would certainly live up to the myth of bureaucratic incompetence because they would not be able to accomplish their tasks effectively or efficiently.

Despite the importance of bureaucratic power, the public is suspicious of the role that this power plays in American government. Inherent in the myth of an unresponsive bureaucracy is a fear of bureaucratic power and a widespread belief that federal bureaucrats are misusing or even abusing their power. The U.S. constitutional system is rooted in the idea that the people should govern, if not directly then at least indirectly, through their elected representatives. Yet over the past two centuries, more and more governmental power has been placed in the hands of bureaucrats. Those who believe in the myth of an unresponsive bureaucracy are likely to worry about the existence and use of bureaucratic power.

The Sources of Bureaucratic Power

Where do bureaucracies get the power they need to function? Some of it is derived from the legitimacy of the laws they are required to enforce or the policies they are asked to implement (see Chapter 2). But often the legitimacy of these laws or these policies is not enough. We must consider other key factors.³¹

External Support. A major source of bureaucratic power is the support that government agencies receive from the general public, special-interest groups, the media, Congress, or the White House. The greater an agency’s external support, the more power it is likely to wield. For example, the Federal Bureau of Investigation came under severe scrutiny in the post–September 11 period, when questions were raised about its intelligence-gathering operations and how it missed indications that such an attack was being planned.³² Over the next decade, it undertook major reforms of its operations to help regain public support.

Another form of external support comes from coalitions among bureaucracies and other actors in the American political arena. Thus, agencies sometimes participate in political alliances that might include their clientele group, other agencies, lobbyists for special interests, and members of Congress who preside over relevant committees and subcommittees.³³ Analysts call these alliances **policy subgovernments** because the actors effectively exercise authority in a narrowly defined policy area.

In their most extreme forms, often called iron triangles, these subgovernments can be powerful coalitions. The success of any iron triangle coalition depends on its members’ ability to limit participation to a few insiders and to maintain a low public profile. Until recently, one of Washington’s most successful

Bureaucratic power The power of government agencies, derived from law, external support, expertise, discretion, longevity in office, skill, leadership, and a variety of other sources.

Policy subgovernments Alliances and relationships among specific agencies, interest groups, and relevant members of Congress that have been capable of effectively exercising authority in a narrowly defined policy area, such as transportation and farm price supports. Powerful alliances often form iron triangles, like the tobacco subgovernment; looser alliances involving a wide range of actors are called issue networks.

iron triangles was the tobacco subgovernment, which focused on policies related to promoting the consumption of tobacco products. The three main sets of actors in that subgovernment were members of Congress from tobacco-growing states who sat on the agriculture and appropriations committees, lobbyists representing tobacco growers and cigarette companies, and bureaucrats from tobacco-related programs at the agriculture and commerce departments. These actors created programs that helped tobacco farmers and the giant tobacco industry fend off attacks from those who sought policies contrary to their interests. But in 1964, the cozy world of the tobacco subgovernment began to fall apart. That year, the surgeon general of the United States issued a report linking cigarette smoking to lung cancer, heart disease, and emphysema. The report was followed by a Federal Trade Commission proposal that cigarette packages and advertising carry health warnings. The tobacco subgovernment no longer had the low visibility that had made it so effective before the surgeon general's announcement.³⁴

At the opposite extreme from iron triangles are subgovernments organized as issue networks. Issue networks involve a large number of participants with different degrees of interest in and commitment to the policies and problems that bring them together. An issue network is an open and at times highly visible subgovernment. The individuals taking part in it may come and go, and often members of these networks have neither the time nor the leadership resources to develop consistent shared attitudes toward policy. Bureaucrats also play a role in issue network subgovernments, but that role often depends on their grasp of the issues and their willingness to dive into the open policymaking process.³⁵

Environmental policymaking is a classic example of an issue network in action. The challenge of environmental protection has attracted a multitude of actors, including dozens of members of Congress, hundreds of interest groups with varying points of view, and a host of media and academic observers. In the middle of that issue network sits the EPA, created in 1970 to coordinate the implementation of federal environmental policy. The EPA successfully maintained a leading role in the environmental issue network during the 1970s. Beginning in 1981, however, the agency's situation changed.

The Reagan administration came to office intent on changing the direction of environmental policy through deregulation and reform. It planned to use the EPA to implement these changes by instituting new agency policies and by radically altering the way in which environmental regulations were enforced in established program areas. The administration's strategy ignored the interests of some of the major actors in the existing environmental policy issue network. Incensed at the EPA's new positions, environmental interest groups formed alliances to defeat Reagan's initiatives in a variety of program areas. In 1983, the administration acknowledged defeat and replaced the controversial head of the EPA with William Ruckelshaus, who was highly regarded by environmental interest groups and who had been the first administrator of the agency when it was created.³⁶

Whether it takes the form of public support or coalitions with special-interest groups, external support plays an important role in shaping and directing bureaucratic power. The cases of the tobacco and environmental policy subgovernments indicate just how significant that support can be for individual agencies.

Expertise. An agency's power can also stem from its expertise. In matters of national defense, America's top policymakers often turn to experts at the Pentagon for advice. On issues involving public health, they ask the opinion of the surgeon general or the Centers for Disease Control and Prevention (CDC). On international subjects, the Central Intelligence Agency is regarded as the primary source of expert information. As long as such expert information is deemed accurate and reliable by those who use it, it enhances the power of the agency. But if the credibility of that information is brought into question—as happened to the Central Intelligence Agency both in the late 1980s, when it failed to accurately predict the collapse of the Soviet bloc, and again in 2003 and 2004, when its intelligence on Iraq was brought into question—the public immediately questions the competence of the agency and its officials. Once the credibility of a bureaucracy's expertise is put in doubt, that bureaucracy's influence and power are likely to deteriorate.

Administrative Discretion. Bureaucrats are often permitted to use their own judgment in implementing public policies and programs. Congress and the White House frequently formulate policies in ambiguous and vague terms. When president John F. Kennedy issued a mandate to NASA to land an American on the moon by 1970, he could not tell the agency exactly when and how to do it; those details were left to the discretion of NASA officials. Discretion can be an important source of power because it gives some individuals within a bureaucracy considerable flexibility in deciding how to do their jobs.

Longevity in Office. The merit system, which protects most federal employees from being fired for political reasons, provides still another source of bureaucratic power. Because it is extremely difficult to dismiss a federal civil servant without a good, nonpolitical cause, civil servants usually stay in their jobs for a long time. The average bureaucrat serves through several presidential and congressional terms in office. As a result, elected officials and their appointees often find themselves relying on career civil servants to keep the agencies functioning. Thus, longevity in office can mean considerable power for an experienced bureaucrat.

Skill and Leadership. External support, expertise, discretion, and longevity in office will not accomplish much by themselves. Potential wielders of bureaucratic power must have the talents and the will to use those resources. This criterion is as true for agencies as it is for individuals. Without skill and leadership, even the most resource-rich federal agency will not be able to accomplish its objectives.

In short, power is the fuel that gives bureaucracies the energy to carry out their missions. A bureaucracy without power or the potential to exercise power is truly a waste of public resources. The question is not whether bureaucratic power exists or should exist but whether that power is responsive to the wishes of the American public and its elected representatives.

The Limits on Bureaucratic Power

The American political system does provide effective means of limiting bureaucratic power and keeping it responsive. It offers a variety of internal and external

checks designed to contain bureaucratic influence and authority within acceptable bounds.

Self-Restraint and Limited Resources. Some of the curbs come from bureaucratic self-restraint. In the mid-1970s, certain regulatory commissions took the initiative to relax the controls they had previously exercised over sectors of the American economy. For example, the Civil Aeronautics Board intentionally eliminated many barriers to competition among the nation's major airlines. That initiative proved so popular that Congress formally deregulated the airline industry in 1978 and eliminated the Civil Aeronautics Board altogether in 1985. Although no other major regulatory commission has been abolished, most exercised similar self-restraint during the late 1970s and throughout the 1980s.

The quantity and quality of available resources also put limits on bureaucratic power. The IRS, for example, does not have enough auditors and agents to review everyone's tax return and to investigate all suspected cases of tax fraud. In fact, the IRS is able to investigate only a small percentage of the returns filed each year. Therefore, the competence of its auditors and agents determines how effectively the IRS collects taxes, as does the agency's increasing use of computers to process tax returns. Ultimately, however, the IRS's best tool is the individual taxpayer's fear that his or her return might be one of the few that the service may subject to a detailed audit.

The White House. The president today is often perceived as the head bureaucrat, who, like the chief executive of a large corporation, is responsible for overseeing and coordinating the day-to-day operations and decisions of his firm. In the language used by constitutional scholars, this view, called the **unitary executive theory**, reflects the idea that the work of federal agencies must be consistent with the priorities of the White House and the president's views regarding existing laws and policies. Advocates of this view see it as rooted in provisions of Article II of the Constitution, which states that executive power is "vested" in the president, who is also given the responsibility to ensure that the laws and policies of the country are being "faithfully executed." Some observers have been critical of this approach and the emergence of what is often termed the "imperial presidency". They argue that those constitutional provisions do not empower the president to act as if he or she were heading a corporation; rather, they give the White House the task of ensuring that federal bureaucrats are carrying out their duties under the law and not abusing their authority.

Congress. Congress can also impose limitations on the power of federal agencies. The Constitution authorizes Congress to establish public programs and to arrange for their implementation. Yet Congress has not always been detailed and explicit in its instructions to federal agencies. Vague legislation has led many critics to argue that Congress is not working hard enough to limit or control bureaucratic power, and bureaucrats themselves have complained about the lack of specificity. In 1979, one administrator openly criticized a congressional act that, in a single line of statutory language, required his agency to establish a

Unitary executive theory

The idea that the Constitution gives the president the authority to oversee and manage the work of federal agencies to ensure that their priorities and actions are consistent with the views of the White House regarding existing laws and policies.

program to protect the rights of the handicapped—with no details or guidance. “They’re frequently very unhappy with what we do after they give us a mandate like that,” he noted. “But the trouble is, the mandate is broad, they deliberately are ambiguous where there is conflict on details, and they leave it to us to try to resolve the ambiguities.”³⁷

Implied in such criticism is the belief that Congress has a right to exercise much more legislative control than it does today by expanding or narrowing an agency’s authority to take action. When the secretary of the treasury asked Congress for broad, sweeping powers to deal with the emerging financial crisis in September 2008, Congress responded instead by imposing a system of checks and controls over the rescue effort. By contrast, provisions of two laws passed in 2010—the Patient Protection and Affordable Care Act (Obamacare) and the Wall Street Reform and Consumer Protection Act (also known as Dodd–Frank)—have been criticized for allowing agencies too much authority to fill in the details left out by Congress.³⁸

Although Congress finds it difficult to control or limit bureaucratic power through detailed legislation, it has other tools with which to accomplish these ends.³⁹ Congress reviews agency budget requests each year, and it can use that opportunity to scrutinize agency operations. Almost every congressional committee has jurisdiction over a group of federal agencies, and these committees sometimes exercise their oversight responsibilities by holding public hearings on agency operations.⁴⁰ The IRS, for example, has been subject to oversight by House committees for three decades. In the late 1990s, one hearing focused on making the IRS more “customer-friendly” in its treatment of taxpayers. In 2013, an internal report that raised questions about the treatment of certain applications for nonprofit status led to congressional hearings that focused on accusations of political bias in the IRS, resulting in a number of personnel changes and a criminal investigation by the Department of Justice.⁴¹

Individual members of Congress often intercede with specific agencies on behalf of their constituents. Members of Congress can also order the Government Accountability Office to conduct an audit or investigation of any federal program. Finally, the role of the U.S. Senate in confirming political appointments provides that chamber with a unique opportunity to review bureaucratic actions.

The Courts. The courts also play a role in limiting the power of the federal bureaucracy.⁴² In the period before 1937, the judiciary often agreed to hear cases challenging the authority given to federal agencies by Congress. Today the courts are much less likely to entertain such cases; nevertheless, they pay considerable attention to complaints that a federal agency has exceeded its authority or acted in an arbitrary or unreasonable way when carrying out its duties.

Some of the courts’ power over the federal bureaucracy stems from specific provisions of the U.S. Constitution, such as the prohibition against “unreasonable searches and seizures” or the guarantee that citizens shall not be deprived of “life, liberty, or property without due process of law.” These powers were reinforced by the Federal Tort Claims Act of 1946, which permits (with a few specified exceptions) Americans to sue the federal government for damages incurred through governmental actions. Congress has even made special provisions for taking legal

action against specific agencies. Under provisions of the 1988 tax laws, for example, a taxpayer may sue an IRS employee for damages if the agent seeks to collect taxes in a reckless way or with intentional disregard of tax laws. The possibility of being challenged in court has proved to be an effective means of control.

The courts also play a role in shaping the relationships between the bureaucracy and the other branches of government. From time to time in our history, controversies have arisen about whether government agencies were subject to presidential or congressional control. Sometimes these have taken the form of court cases. In some of these cases the courts have sided with Congress, and in others they have deferred to the White House. The Supreme Court has tended to favor the presidency in recent years,⁴³ but over the past two hundred years there has been no consistent answer to the question of who runs the bureaucracy. Thus, the courts remain a major factor in the life of the federal bureaucracy.

Whistle-blowing. A strong sense of professionalism and responsibility on the part of public-sector employees can also act as a brake on bureaucratic power, especially when someone within an agency exposes inappropriate, unethical, or questionable activities. Often called **whistle-blowers**, these government employees put their careers at risk, and for many years their efforts frequently led to reprimands and even the loss of their jobs. This changed in 1968, when a Pentagon employee in charge of monitoring the costs of a major defense contract went public with his concerns after being ignored by his superiors for three years. In addition to being made notorious in the press, A. Ernest Fitzgerald was demoted and transferred to another position, and his career was effectively sidetracked for the next few years. Unlike previous whistle-blowers, however, Fitzgerald took legal action and eventually won reinstatement. He also led efforts to have Congress provide legal protections for whistle-blowers and is still regarded as the classic model for this internal check on potential waste and abuses of agency power.⁴⁴

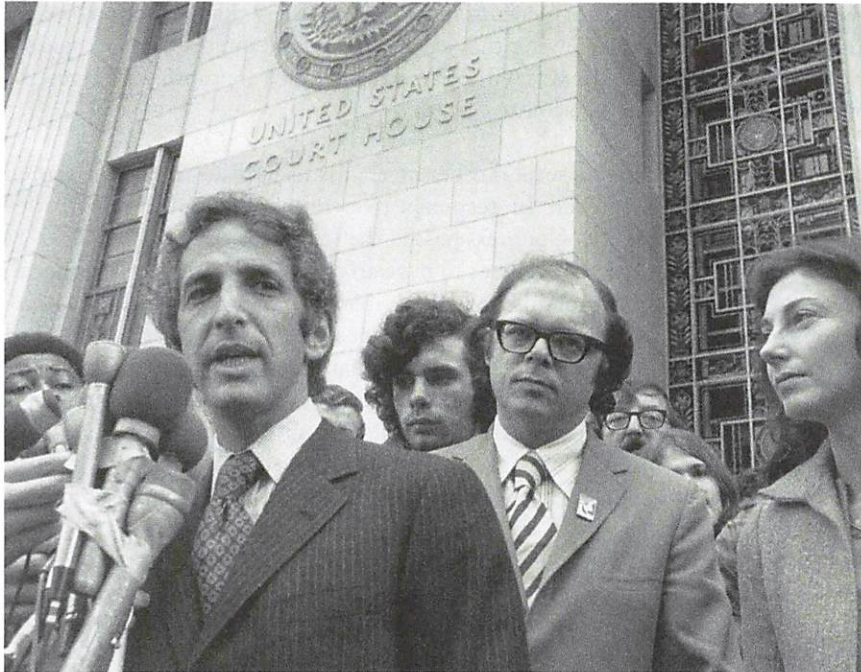
Despite the legal protections now in place, whistle-blowers usually pay a high price for their honesty and candor. In many instances, blowing the whistle on an agency can make one an outcast in the organization and can end one's career. And in some cases in which blowing the whistle is regarded as a security violation, it can result in criminal action.⁴⁵

In 1971, for example, Daniel Ellsberg, a Department of Defense contractor with access to a classified study that undermined government claims of military success in the Vietnam War, copied and released the report to the *New York Times*. Known as "The Pentagon Papers," many believe the release of the report played a central role in turning the American public against the war. Ellsberg undertook his actions knowing he would be prosecuted for his whistle-blowing act, but charges were later dismissed because of government's misconduct in its investigation of Ellsberg.⁴⁶

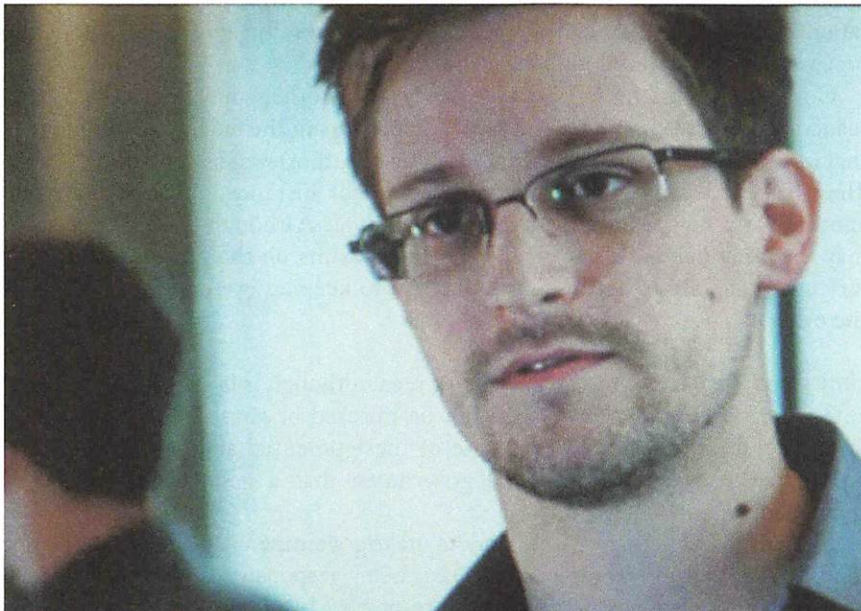
More than three decades later, Edward Snowden, a contract employee with the National Security Agency, released classified documents to the news media detailing questionable surveillance practices by U.S. intelligence agencies. Realizing he would face legal action, Snowden left the United States in 2013 and was

Whistle-blowers

Employees who risk their careers by reporting corruption or waste in their agencies to oversight officials.



Daniel Ellsberg, a Defense Department contractor with access to a classified study that undermined the government's claims of success in the Vietnam War, copied and re-released the report to the *New York Times* in 1971. Ellsberg thought he would go to jail for his whistle-blowing act, but charges were dismissed because of government misconduct in its investigation of Ellsberg.



At times, acts of whistle-blowing mean an individual will face prosecution. Daniel Ellsberg faced charges for his release of the Pentagon Papers in 1971; Edward Snowden is facing charges when he returns to the United States for his 2013 release of classified information about U.S. surveillance techniques.

eventually granted temporary asylum in Russia. Arguing that his actions were a justifiable act of whistle-blowing that served the public interest rather than espionage, Snowden noted he was willing to return to face appropriate charges. As of 2016 he remained in Moscow.⁴⁷

Other Restraints. There are several other mechanisms in place that are designed to limit bureaucratic power. In response to a growing number of whistle-blowing cases, for example, Congress passed the Inspector General Act of 1978, which requires most federal agencies to have an office of the **inspector general**, which can investigate complaints by whistle-blowers and others as well as suspicious behavior.⁴⁸ In many instances, the inspector general investigations deal with relatively minor issues within agencies, but every so often their reports uncover a major problem that makes headlines. When the State Department's inspector general office discovered that Hillary Clinton used a private email server during her time as secretary of state, its follow-up investigation in 2016 led to a scathing report⁴⁹ that significantly impacted her campaign for the presidency.

By investigating leads that might uncover major problems, an alert press corps as well as other “watchdog” groups can also restrain bureaucratic power. A major tool in their arsenal is the **Freedom of Information Act (FOIA)** as well as other public disclosure laws that attempt to increase the level of transparency in administrative agencies. Under the FOIA, agencies are required to provide citizens with public records on written request. The law does have its limits and has proven controversial. It allows certain material to remain secret and does not apply to the courts or to Congress. Moreover, those who have sought to use FOIA to get information have found the process cumbersome and many agencies unresponsive. In response, the Department of Justice, which oversees implementation of FOIA, established a website (<https://www.foia.gov>) to facilitate the process, but complaints continue.

Competition among federal agencies is still another source of limits on bureaucratic power. Many agencies have competitors in the federal government—that is, other agencies that vie for the same set of authorizations or appropriations. The different branches of the armed forces, for instance, compete with one another for a bigger slice of the defense budget. Although such competition may seem inefficient, it does help impose restraints on the power of the military bureaucracies by leading each of them to keep an eye on the activities of the others.

Limits and Responsiveness. As we have seen, although it is impossible to guarantee that bureaucratic power will not be misused or abused, mechanisms for limiting that power do exist. Because of these potential and actual restraints, bureaucratic power in the federal government has a good chance of being controlled.

In many respects, these limits work to make government agencies more, rather than less, responsive. The problem is that being responsive to one constituency group often means being perceived as unresponsive by others. Consumer groups,

Inspector general An official in a government agency who is assigned the task of investigating complaints or suspicious behavior.

Freedom of Information Act (FOIA) A public disclosure law that requires federal agencies to release information on written request.

for example, often criticize the Department of Agriculture for being too supportive of farming interests and not sufficiently attentive to the needs of consumers. Similarly, many businesses complain that the EPA and other regulatory agencies fail to take their interests and needs into account, whereas those who support regulation believe that the regulators are on the right track.

Bureaucratic Problems and Reforms

> What are the major problems with bureaucratic behavior, and what steps have been taken to control them?

If the myths of bureaucratic incompetence and unresponsiveness do not reflect the reality of government administration, why do so many Americans continue to complain about the way government operates? That they do is somewhat mysterious because, as noted earlier, students of public administration find that many citizens are satisfied with most of their routine encounters with the bureaucracy.⁵⁰ The complaints that most Americans have about the federal bureaucracy may reflect what they hear about others' ordeals rather than what they have experienced themselves. Problems with the bureaucracy, however, do help keep the myths alive. At its best, the federal bureaucracy serves the public interest. At its worst, it seems to conduct itself in ways that feed the myths of incompetence and unresponsiveness. Students of American government describe these behaviors as **bureaucratic pathologies**—or bureaupathologies, for short.⁵¹

Bureaucratic Pathologies

Clientelism. In general terms, public agencies attempt to work on behalf of the public interest. On a day-to-day basis, however, bureaucrats must deal with the individuals who are served by the programs they implement—the agency's clientele. The Department of Agriculture works with farmers, the Department of Education with educators, and so on. This daily contact with their clientele is an absolute necessity for employees of these agencies if they are to be responsive to the needs of those they serve. But this constant contact can become pathological when bureaucrats begin to display favoritism toward their clientele's interests, especially when those interests seem not to serve the public good.

The tobacco subgovernment we discussed earlier is a classic example of clientelism at work. Bureaucrats within the Department of Agriculture who had worked with tobacco farmers for decades supported their clients' interests, although they were contrary to emerging government policies to discourage smoking.

Pathological Incrementalism. Federal agencies exist to administer programs, and we expect them to do so with consistency and fairness. But the conditions under which agencies operate competently are not stagnant. Conditions and circumstances change—sometimes swiftly. One would expect public-sector agencies to adapt to those changes as quickly as possible, but often they resist change or make only small, incremental adjustments. At times, this response may be

Bureaucratic pathologies
Behaviors by bureaucrats that feed the idea that the bureaucracy is incompetent and unresponsive. They include clientelism, incrementalism, arbitrariness, parochialism, and imperialism.

intentional. For example, then-secretary of defense Dick Cheney and others in the first Bush administration resisted calls for radical reductions in the Pentagon's 1991 federal budget, despite the major changes that were taking place in the former Soviet Union and Eastern Europe.

However, incrementalist behavior can become pathological when it threatens the very program or service that the agency is supposedly providing. The U.S. military has often been plagued by pathological incrementalism. The navy was slow to recognize the importance of air power in the 1920s until, in a widely publicized demonstration of the point, a maverick army general, Billy Mitchell, sank a warship. During that same period, it was equally difficult to convince many army leaders to abandon horse cavalry units. Bureaucracies tend to move cautiously and slowly, and sometimes that snail's pace can prove both dangerous and costly.

Standard operating procedures Regularized procedures used in public agencies to help the agencies conduct administrative business effectively and efficiently.

Arbitrariness. A competent bureaucracy is one that does its job effectively and efficiently. To achieve this condition, an agency often must adopt **standard operating procedures**. At times, however, the use of regularized procedures can interfere with responsiveness or replace common sense, and then arbitrariness becomes a negative factor. For example, there are stories about people losing their welfare or unemployment benefits because they failed to show up for an appointment with a social worker or forgot to file a certain form on time. A bureaucrat who is unwilling to listen to excuses or explanations can hardly be faulted for sticking to the rules, but he or she can be faulted for being too arbitrary and losing sight of why a program or procedure exists. Bureaucracies often serve people with special needs or individuals facing special circumstances. Even if the aim is efficiency, arbitrary behavior can prove harmful under such conditions.

Accusations of bureaucratic arbitrariness also arise when a bureaucrat acts without legal authority. Although a police officer has the authority to stop a driver whose vehicle is swerving dangerously, he or she cannot treat the driver or car's occupants in an arbitrary fashion without cause. In short, as is the case with other public officials, bureaucrats who enforce the law must adhere to the rule of law.⁵²

Parochialism. To perform their functions effectively, some government agencies believe that it is necessary to focus attention on the job at hand. Such concentration on getting the job done can result in another pathological behavior—parochialism.

For example, the job of the U.S. Army's Rocky Mountain Arsenal was to produce and store chemical and biological weapons, and for most of its thirty-year existence that organization carried out its work without paying much attention to the damage it was doing to its surroundings. That parochial attitude had both short-term and long-term effects. During the early 1970s, one geologist traced a series of earth tremors to a weapons disposal process being used at the arsenal located just outside Denver. After months of denying any link between its activities and the disturbances, the arsenal temporarily halted the operation. The tremors came to an end, and the army finally agreed to discontinue the process permanently. Years later, when the army closed the

arsenal, state and federal environmental protection investigators found that the land in and around the weapons facility was so contaminated that it might remain unusable for hundreds of years. Taken to its extreme, this type of pathological behavior can prove deadly.

Imperialism. As we noted earlier, bureaucracies need power in one form or another to do their jobs. Therefore, bureaucrats seek to obtain the resources they need if they are to carry out their assignments. At times, this goal means expanding agency operations and taking on more responsibilities and personnel. In some agencies, this drive for expansion becomes an end in itself—a key sign of the pathological behavior called bureaucratic imperialism.

Imperialism may involve getting a bigger slice of the federal budget pie or it may mean starting new programs or even taking over another agency's functions. Whatever form it takes, most Americans do not regard expansion for its own sake as a desirable feature of bureaucratic operations.

Calls for Reform

These bureaupathological behaviors help to explain why the myths of incompetent and unresponsive bureaucracies remain popular today. Americans perceive these problems as the rule rather than the exception. It is not surprising, therefore, to hear calls for bureaucratic reform.

Often those reforms take place within the agencies and reflect a change in leadership or the adoption of some new or innovative managerial approach. FEMA, for example, went through two major periods of reform after well-publicized failures to deal with natural disasters—Hurricane Andres in 1992 and Hurricane Katrina in 2005.

Hurricane Andrew devastated parts of Florida and was widely covered in the press as an indication that neither FEMA nor the George H. W. Bush administration was up to the task of dealing with major disasters. When President Clinton took office in early 1993, he asked James Lee Witt, an experienced emergency management director, to take over FEMA. Under Witt's leadership, FEMA emerged as a model agency. Witt made changes in FEMA's personnel, giving more authority and responsibility to the most competent employees and boosting agency morale. He took the agency beyond its coordination role by creating rapid-response capabilities so that FEMA would be in touch with state officials and would be on the ground as soon as word of a major disaster reached the Washington office. He also made the agency more proactive by having it take the lead in pushing for states and localities to engage in more emergency preparedness activities, as well as working on programs that would help prevent or mitigate the impact of future disasters.

The changes worked, and during the 1990s FEMA became a much-cited example of how government bureaucracies can be made more effective, efficient, and responsive through internal management reforms. After the 2000 presidential election, however, George W. Bush replaced Witt with a political appointee (his former campaign manager). The agency continued to function well, and FEMA was a major presence at the site of the collapse of the World Trade Center



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after September 11. But, over time, the improvements made by Witt and others were altered, and the result was the well-publicized problems of the federal government's response to Hurricane Katrina.⁵³

The dramatic turnaround of FEMA under Witt is just one example of the reform-from-within approach in the federal bureaucracy,⁵⁴ but few of those efforts get the attention they deserve from a media that feeds on stories of failures and scandals. With media attention focused primarily on the negative stories about bureaucracy, it is not surprising that policymakers attempt to bring about reforms from outside by seeking to radically alter the structure and operations of the entire bureaucratic complex (see discussion in Policy Connection 13).

Most efforts to reform the federal bureaucracy are well intentioned. They aim at making government agencies more competent, more responsive, or both. Nevertheless, there is little evidence to support the contention that bureaucratic incompetence and unresponsiveness are as pervasive as many believe them to be. Instead, the problems of our national bureaucracy may be rooted in the constant effort of federal employees to respond competently to the diverse, changing, and often conflicting expectations of politicians, clients, taxpayers, and so on. Closer examination of the day-to-day operations of American bureaucracies reveals that they are not inherently incompetent or unresponsive. Rather, their performance is often the result of a desire to be effective and competent in the face of outside forces—some political, some nonpolitical—that they cannot control.

Conclusion

Americans are demanding citizens. They want government to be efficient and to keep costs to a minimum, but at the same time they insist that agencies spare no resources to get the job done. They want government workers to treat everyone equally, but they believe that bureaucrats should consider the special needs of individual citizens. They want public officials to increase the quantity and quality of public services, but they insist that program budgets be cut back. To put it bluntly, the principal problems facing our national bureaucracy lie in what the American people expect from it.

Expectations are important for bureaucrats because they spend most of their time trying to live up to the expectations of others—expectations that are as varied and diverse as the programs they administer.⁵⁵ We can trace many of the problems surrounding bureaucratic institutions to those efforts. If we are going to criticize the performance of our bureaucrats and accuse them of being wasteful or unresponsive, we must remember that federal employees are often responding to our demands.

Key Terms

Bureaucracy p. 402
Bureaucratic pathologies
p. 427

Bureaucratic power p. 419
Cabinet p. 405

Career service personnel
systems p. 407

- Executive Office of the President (EOP) p. 411
- Freedom of Information Act (FOIA) p. 426
- General Schedule civil service system p. 407
- Government corporations p. 415
- Government-sponsored enterprises (GSEs) p. 410
- Independent agencies p. 412
- Inspector general p. 426
- Loans/loan guarantees p. 409
- Merit system p. 407
- Office of Management and Budget p. 411
- Outsourcing p. 409
- Patronage p. 405
- Pendleton Act p. 407
- Policy subgovernments p. 419
- Political appointees p. 405
- Proxy administration p. 409
- Quasi-judicial functions p. 414
- Quasi-legislative functions p. 414
- Regulatory commissions p. 412
- Senior Executive Service p. 407
- Spoils system p. 407
- Standard operating procedures p. 428
- Unitary executive theory p. 422
- Wage systems p. 408
- Whistle-blowers p. 424
- White House Office p. 411

Focus Questions Review

1. Who works in the bureaucracy? What do these people do? Where do they work? >>>

- The federal bureaucracy comprises diverse groups of people who occupy a variety of white-collar and blue-collar positions. They are organized under several personnel systems, including the following:
 - The ranks of political appointees
 - The general civil service system
 - Wage systems
- Much of what federal bureaucrats do is hidden from public view. Nevertheless, they play important roles in the policymaking process—roles that go beyond merely administering government programs.
- Organizationally, federal bureaucrats work in hundreds of agencies, including the following:
 - The Executive Office of the President
 - Cabinet departments
 - Independent executive branch agencies
 - Regulatory commissions
 - Government corporations
 - Other types of agencies

2. What factors have led to the growth of the federal bureaucracy? >>>

- The federal bureaucracy has grown in size and changed in nature over the past two centuries, mostly because of increasing demands by the public and changing conditions in American society.

3. What are the sources of (and limits on) bureaucratic power? >>>

- Bureaucracies need power to function in the American political system. They derive that power from a variety of sources, such as the following:

External support

Expertise

Bureaucratic discretion

Longevity

Skill

Leadership

- There are many limits to bureaucratic power. These limits come from the legal and political controls exercised by the presidency, Congress, the courts, and various other groups.

4. What are the major problems with bureaucratic behavior, and what steps have been taken to control them? >>>

- In their operation, bureaucracies sometimes develop pathological behavior patterns. They may
 - Give excessive attention to the interests of those they serve (clientelism).
 - Oppose change (incrementalism).
 - Be arbitrary and capricious (arbitrariness).
 - Take an overly narrow view of the world (parochialism).
 - Yield to an urge to expand (imperialism).
- Pathological behaviors have stimulated a variety of reform efforts, many of which have focused on reorganizations and changes in personnel policies. Ultimately, however, bureaucracies must meet the expectations of the public in carrying out their responsibilities. In many instances, those expectations are in direct conflict with the standards of businesslike performance.

Review Questions

1. What are the different sources of bureaucratic power? What are the factors that limit or restrain the exercise of bureaucratic power?
2. Describe the various efforts made by U.S. presidents to bring about administrative reform.



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