

1 **Introduction**

32

2 Continuing our
3 examination of the American
4 political system, as described by
5 Thomas Patterson, this lecture
6 will examine the Bureaucracy
7 and answer one final exam
8 question. Although the federal
9 bureaucracy is often criticized as
10 being too big, it is actually
11 smaller on a per capita basis than
12 even the smaller of the state
13 bureaucracies. For example,
14 there are 1.0 federal employees
15 for every 100 (per capita)
16 Americans. California, with 1.2
17 state employees for every 100
18 residents, has the **smallest** state
19 bureaucracy on a per capita basis.
20 Hawaii, with 5.0 state employees
21 per 100 residents, has the largest.
22 In general, the least populous
23 states, and especially those that
24 are larger geographically, have
25 the largest bureaucracies on a per
26 capita basis. This pattern reflects
27 the fact that a state, whatever its
28 population, has basic functions
29 (such as highway maintenance
30 and policing) that it must
31 perform.

33 **I. The Federal Bureaucracy:
34 Form, Personnel and Activities**

35 Bureaucracy is a system of
36 organization and control that is
37 based on three principles:
38 hierarchical authority, job
39 specialization and formalized
40 rules.

41 **Hierarchical** authority
42 refers to a chain of command
43 whereby officials and units at the
44 top of a bureaucracy have
45 authority over those in the
46 middle, who in turn control those
47 at the bottom. It speeds action by
48 reducing conflict over the power
49 to make decisions. Bureaucracy
50 is efficient for handling routine,
51 repetitive requests for service and
52 other functions. Bureaucracy
53 enables modern government to
54 undertake large and ambitious
55 programs.

56 Job specialization refers to
57 how responsibilities for all
58 positions are explicitly defined.
59 There is a precise division of
60 labor within the organization. It
61 yields efficiency because each
62 individual is required to
63 concentrate on a particular job.

64 Formalized rules make up
65 the standardized procedures and
66 established regulations by which

1 a bureaucracy conducts its
2 operations. These enable workers
3 to make quick and consistent
4 judgments because decisions are
5 made on the basis of pre-
6 established guidelines rather than
7 deliberation and personal
8 inclination. E.g. creative thinking
9 is not required, bureaucrats just
10 have to know the rules and apply
11 them without exceptions.

12 The U.S. bureaucracy
13 employs more than 2.5 million
14 people who have responsibility
15 for administering thousands of
16 programs. There are five general
17 types of organizations within the
18 federal bureaucracy. The
19 modern civil service system is
20 based on codified classifications
21 and prerequisite experience or
22 competitive testing is required to
23 obtain most positions.

24 There **are fifteen cabinet**
25 **(executive) departments** headed
26 by a secretary who serves as a
27 member of the president's cabinet
28 and is responsible for
29 establishing the department's
30 general policy and overseeing its
31 operations. (State-1789-\$6,
32 Treasury-1789-\$421, Defense-
33 1789-\$274, Interior-1849-\$8,
34 Justice-1870-\$19, Agriculture-
35 1889-\$15, Commerce-1903-\$7,

36 Labor-1913-\$39, Health and
37 Human Services-1953-\$382,
38 Housing and Urban
39 Development-1965-\$30,
40 Transportation-1966-\$46,
41 Energy-1977-\$18, Education-
42 1979-\$34, Veterans' Affairs-
43 1988-\$44), and Office of
44 Homeland Security.

45 **Independent agencies**

46 These have a narrower area
47 of responsibility than cabinet
48 departments. Examples are
49 NASA and the CIA.

50 **Regulatory agencies**

51 These are created when
52 Congress recognizes the
53 importance of close and
54 continuous regulation of an
55 economic activity. They can
56 issue regulations, implement
57 them and judge whether
58 individuals or organizations have
59 complied with them. Examples
60 are the SEC and the EPA.

61 Some regulatory agencies,
62 particularly the older ones such
63 as the SEC and The Federal
64 Reserve Board, are
65 "independent" by virtue of their
66 relative freedom from ongoing
67 political control. Control over
68 the money supply rests not with
69 the president or Congress but
70 with the Federal Reserve System,

1 which was created by the Federal
 2 Reserve Act of 1913. The
 3 Federal Reserve is directed by a
 4 board of governors (the “Fed”)
 5 whose seven members serve for
 6 fourteen years, except for the
 7 chair and vice-chair, who serve
 8 for four years. All members are
 9 appointed by the president with
 10 approval of the Senate, but are
 11 not subject to removal by the
 12 president. Fed governors serve a
 13 fixed term, a legal stipulation
 14 intended to free their agencies
 15 from political interference.

16 The Fed decides how much
 17 money to add or to subtract from
 18 the economy, seeking a balance
 19 that will permit steady growth
 20 without causing an unacceptable
 21 level of inflation. The most
 22 visible way that the Fed affects
 23 the money supply is by lowering
 24 or raising the interest rates
 25 charged on money borrowed
 26 from the Federal Reserve by its
 27 member banks. When the Fed
 28 raises the interest rate, banks also
 29 tend to raise the rate they charge
 30 for new loans as well as increase
 31 the rate for adjustable-rate loans,
 32 which discourages borrowing
 33 and thus reduces the amount of
 34 money entering the economy.
 35 Conversely, by lowering the

36 interest rate, the Fed encourages
 37 firms and individuals to borrow
 38 from banks, which increases the
 39 money supply. Any increase or
 40 decrease in the Fed interest rate
 41 is a sign that the Fed has
 42 concluded that the economy is
 43 growing too quickly or too
 44 slowly.

46 **Government corporations**

47 These charge clients for
 48 their services and are governed
 49 by a board of directors. They
 50 receive federal funding to help
 51 defray operational expenses, and
 52 the president with Senate
 53 approval appoints their directors.
 54 Examples are the U.S. Postal
 55 Service and the FDIC.

56 **Presidential commissions**

57 These are permanent
 58 commissions that provide
 59 ongoing recommendations to
 60 presidents in particular areas of
 61 responsibility. More than 90
 62 percent of federal employees are
 63 hired through merit criteria.
 64 Merit hiring protects government
 65 workers from being fired for
 66 partisan reasons. Federal
 67 employees are given GS job
 68 rankings, which range from GS-1
 69 to GS-18.

1 Although federal
2 employees may join labor
3 unions, federal employees have
4 few rights of collective action.
5 The primary function of
6 administrative agencies is policy
7 implementation, which is to say
8 that they carry out the
9 authoritative decisions of
10 Congress, the president and the
11 courts.

12
13 **The bureaucracy does not**
14 **simply administer policy; it**
15 **also makes policy.**

16 **The bureaucracy initiates**
17 **ideas for legislative programs.**

18 Administrative agencies
19 develop public policy in the
20 process of implementing it.

21 Through rule making,
22 administrative agencies decide
23 how the law will operate in
24 practice. Most legislation
25 contains general policy goals,
26 leaving bureaucrats to decide the
27 specific means by which to
28 accomplish these goals.

29 Agencies are charged with
30 delivery of services. This is
31 called “street level” bureaucracy
32 by Lipsky.

33 Agencies determine
34 whether others are complying
35 with policy.

36

37 **II. Development of the Federal** 38 **Bureaucracy: Politics and** 39 **Administration**

40 **Each bureaucratic agency**
41 **confronts two simultaneous but**
42 **conflicting demands: that it**
43 **administer programs fairly and**
44 **competently and that it**
45 **respond to partisan claims.**

46 **The bureaucracy**
47 **embodies three different**
48 **management styles: patronage,**
49 **merit and executive leadership,**
50 **each of which has strengths**
51 **and weaknesses.**

52 **The patronage system**
53 allows the president to give
54 executive positions to partisan
55 friends and loyalists (President
56 Andrew Jackson's spoils system -
57 1828).

58 **The merit (civil service)**
59 **system** provides for certain
60 federal employees to be hired
61 through competitive
62 examinations or by virtue of
63 having special qualifications. In
64 1883, Congress passed the
65 **Pendleton Act** that established a
66 merit (civil service) system. By
67 1920, more than 70 percent of
68 federal employees were merit
69 employees. And since 1950, the
70 percentage of merit employees

1 has not slipped below 80 percent.
2 The administrative objective of
3 the merit system is neutral
4 competence--service to everyone,
5 not just to the incumbent
6 administration. The Pendleton
7 Act created a Civil Service
8 Commission. This was replaced
9 in 1978 by the Merit Service
10 Protection Board (handles
11 appeals of personnel actions) and
12 the Office of Personnel
13 Management (OPM-that
14 supervises the hiring and
15 classification of federal
16 employees).

17 The **executive leadership**
18 **system** provides presidents with
19 management tools to coordinate
20 the bureaucracy's activities and
21 to increase its efficiency and
22 responsiveness.

24 **III. The Bureaucracy's Power** 25 **Imperative**

26 The U.S. system of separate
27 institutions sharing power results
28 in a natural tendency for each
29 institution to guard its turf and
30 respond to its constituency in its
31 own way.

32 **Administrators look out**
33 **for their own agency's**
34 **interests. This is known as the**
35 **"agency point of view." This is**

36 **characteristic of civil servants**
37 **at all levels.**

38 **Sources of bureaucratic**
39 **power include specialized**
40 **knowledge, the support of**
41 **interests that benefit from the**
42 **programs they run (clientele**
43 **groups) and the backing of the**
44 **president and Congress. Iron**
45 **Triangles do not involve White**
46 **House aides.**

48 **IV. Bureaucratic** 49 **Accountability**

50 Accountability is the
51 capacity of the public to hold
52 officials responsible for their
53 actions. Bureaucracies are held
54 accountable primarily by the
55 president, Congress and the
56 courts. That is, the electorate
57 cannot directly limit the power of
58 the bureaucracy. Responsibility
59 for oversight of the bureaucracy
60 belongs chiefly to the Congress.

61 Presidents can hold the
62 bureaucracy accountable through
63 the tools of reorganization,
64 presidential appointees and the
65 executive budget.

66 Reorganization is more
67 successful if done on a small
68 scale.

1 Presidential appointees can
2 be effective in influencing policy
3 in regulatory agencies.

4 The OMB (Office of
5 Management and Budget)
6 reviews all budgetary requests;
7 however generally there is little
8 change from year to year.

9 Congress exerts control
10 over the bureaucracy in a general
11 sense through its power to
12 authorize and fund programs.

13 The final authority to approve an
14 agency's budget lies with the
15 Congress. This provides a
16 powerful means of oversight to
17 Congress. Congress uses its
18 oversight function to ensure
19 compliance with legislative
20 intent. Congress can include
21 specific provisions in laws that
22 limit bureaucrats' options when
23 they implement policy. **Sunset**
24 **laws set a specific date when a**
25 **law will expire unless it is re-**
26 **enacted by Congress.**

27 The judiciary promotes
28 bureaucratic accountability
29 primarily in the following ways:
30 (1) Encouraging administrators
31 to act responsibly in their
32 dealings with the public; (2)
33 Protecting individuals and groups
34 from the bureaucracy's worst
35 abuses; (3) Supporting

36 administrators if their actions
37 appear consistent with the laws
38 they are administering.

39 The bureaucracy has
40 internal mechanisms of
41 accountability. **Whistle-blowing**
42 is the act of reporting instances
43 of bureaucratic corruption or
44 mismanagement by one's fellow
45 bureaucrats. Though at the top
46 levels the bureaucracy does not
47 represent the demographic
48 characteristics of the general
49 population, a larger proportion of
50 women and minorities are found
51 in it than in the other parts of the
52 federal government. **The concept**
53 **of demographic representation**
54 **proposes that various groups**
55 **and interests in society will be**
56 **treated more fairly if**
57 **bureaucracy is more**
58 **representative of the people it**
59 **serves.** Advocates of a
60 demographically representative
61 bureaucracy claim that such a
62 bureaucracy would be a more
63 accountable one.

64 **V. Reinventing Government**

65 Efforts to “reinvent
66 government” include programs to
67 improve the administration of
68 government by reducing its size,
69 cost and lines of authority. The
70

1 most recent efforts began in the
2 1990s.

3 This effort is based in part
4 on the notion that the
5 bureaucracy would be more
6 effective and responsive if it
7 were made smaller. Some argue
8 that the information age requires
9 a different kind of administrative
10 structure, one that is more
11 flexible and less hierarchical.
12 Instead of the provision of goods
13 and services, the bureaucracy
14 ought to be in the business of
15 creating incentives that will
16 encourage individuals to make
17 their own way and ought to foster
18 competition among and between
19 agencies and private firms. This
20 requires a less centralized form
21 of administration that is oriented
22 toward consumers and results.
23 Some suggest empowering
24 lower-level employees to make
25 decision that previously were
26 made at the top of the
27 bureaucracy.

28 Political forces have also
29 driven the downsizing of the
30 federal bureaucracy. Chronic
31 budget deficits in the 1980s and
32 early 1990s and the public's
33 dissatisfaction with Washington
34 helped to create political
35 momentum to reduce the scope

36 of the federal government
37 through both program reductions
38 and the **devolution** of power to
39 states and localities. The
40 momentum intensified with the
41 Republican takeover of Congress
42 in 1995. One consequence was a
43 cutback in federal control of
44 welfare policy.

45 As we have seen, all of the
46 following are true about the
47 nature of bureaucracies: there are
48 built-in review processes for
49 appeal of agency decisions, there
50 are bureaucratic agencies that
51 oversee other agencies, there are
52 political checks on agencies, and
53 legislative power can restrict
54 agency appropriations. Lastly,
55 the size and scope of the federal
56 bureaucracy has not increased in
57 the 1990s.

58 Many plans for reinventing
59 government are based on a desire
60 to change programs that
61 primarily provide goods and
62 services into programs that
63 encourage independence. Some
64 programs seek to foster
65 competition among and between
66 agencies and private firms. Such
67 proposals require agencies to
68 monitor their performance by
69 standards of efficiency,
70 responsiveness and outcomes.

1 Most proposals encourage
2 downsizing of the federal
3 bureaucracy.
4 Patterson suggests the new
5 era will be one of smaller
6 government, not small
7 government. There are limits to
8 how far the federal government
9 can be trimmed. Some activities
10 can be delegated to states and
11 localities, and others can be
12 privatized, but many, if not most,
13 of Washington's programs
14 cannot be reassigned. National
15 defense, social security, and
16 Medicare are but three examples,
17 and they alone account for the
18 bulk of federal spending.
19 Some aspects of "reinventing
20 government" efforts draw
21 criticism.

22 Analysts question the
23 soundness of principles of
24 decentralized management and
25 market-oriented programs as
26 applied to governmental services.

27 Delegation of control to
28 lower-level administrators
29 weakens the kind of hierarchical
30 connection between elected and
31 administrative officials that was
32 supposed to assure faithful
33 administration of the laws made
34 by Congress. Free to act on their
35 own, lower-level administrators,

36 as they did under the spoils
37 system, might favor certain
38 people and interests over others.
39 There is also the issue of the
40 identity of the "customers" in a
41 market-oriented administration.
42 Who are the Security and
43 Exchange Commission's
44 customers—firms, brokerage
45 houses, or shareholders? Won't
46 some agencies inevitably favor
47 their more powerful customers at
48 the expense of the less powerful
49 ones?

50 Government may be so
51 reduced that it may not have the
52 financial and human resources to
53 adequately perform the missions
54 it retains. This is called
55 "hallowing out." For example,
56 congressional Republicans, who
57 have in most cases sought to
58 reduce the scale of federal
59 programs, have advocated
60 increases in defense spending out
61 of a belief that earlier cutbacks
62 had reduced military readiness to
63 an unacceptable level.
64 Republican President George W.
65 Bush, who, in other areas, has
66 advocated a reduction in federal
67 programs, also supports
68 increased defense spending.

69 Thus, although the current
70 wave of administrative reform is

1 unique in its specific elements, it
2 involves longstanding questions
3 about the bureaucracy. How can
4 it be made more responsive, and
5 yet act fairly? How can it be
6 made more efficient, and yet
7 accomplish what Americans
8 require of it? How can it be made
9 more creative, and yet be held
10 accountable? There are, as
11 history makes clear, no easy or
12 final answers to these questions.

14 **Major Concepts**

16 **Accountability** - The ability of
17 the public to hold government
18 officials responsible for their
19 actions.

21 **Agency point of view** - The
22 tendency of bureaucrats to place
23 the interests of their agency
24 ahead of other interests and
25 ahead of the priorities sought by
26 the president or Congress.

28 **Bureaucracy** - A system of
29 organization and control based
30 on the principles of hierarchical
31 authority, job specialization, and
32 formalized rules.

34 **Cabinet (executive)**
35 **departments** – Cabinet

36 (executive) departments are the
37 major administrative
38 organizations within the federal
39 executive bureaucracy, each of
40 which is headed by a secretary
41 (officer) and has responsibility
42 for a major function of the
43 federal government, such as
44 defense, agriculture, or justice.

46 **Clientele groups** - Special-
47 interest groups that benefit
48 directly from the activities of a
49 particular bureaucratic agency
50 and are therefore strong
51 advocates of the agency.

53 **Demographic**
54 **representativeness** - The idea
55 that the bureaucracy will be more
56 responsive to the public if its
57 employees at all levels are
58 demographically representative
59 of the population as a whole.

61 **Executive leadership system** -
62 An approach to managing the
63 bureaucracy that is based on
64 presidential leadership and
65 presidential management tools,
66 such as the president's annual
67 budget proposal.

69 **Formalized rules** - A basic
70 principle of bureaucracy that

1 refers to the standardized
2 procedures and established
3 regulations by which a
4 bureaucracy conducts its
5 operations.

6
7 **Government corporations -**
8 Bodies, such as the U.S. Postal
9 Service and Amtrak, that are
10 similar to private corporations in
11 that they charge for their
12 services, but different in that they
13 receive federal funding to help
14 defray expenses. Their directors
15 are appointed by the president
16 with Senate approval.

17
18 **Hierarchical authority -** A basic
19 principle of bureaucracy that
20 refers to the chain of command
21 within an organization whereby
22 officials and units have control
23 over those below them.

24
25 **Independent agencies -**
26 Bureaucratic agencies that are
27 similar to cabinet departments
28 but usually have a narrower area
29 of responsibility. Each such
30 agency is headed by a
31 presidential appointee who is not
32 a cabinet member. An example is
33 the National Aeronautics and
34 Space Administration.

35

36 **Job specialization -** A basic
37 principle of bureaucracy that
38 holds that the responsibilities of
39 each job position should be
40 explicitly defined and that a
41 precise division of labor within
42 the organization should be
43 maintained.

44
45 **Merit (civil service) system -**
46 An approach to managing the
47 bureaucracy whereby people are
48 appointed to government
49 positions on the basis of either
50 competitive examinations or
51 special qualifications, such as
52 professional training.

53
54 **Neutral competence -** The
55 administrative objective of a
56 merit-based bureaucracy. Such a
57 bureaucracy should be
58 "competent" in the sense that its
59 employees are hired and retained
60 on the basis of their expertise and
61 "neutral" in the sense that it
62 operates by objective standards
63 rather than partisan ones.

64
65 **Patronage system -** An approach
66 to managing the bureaucracy
67 whereby people are appointed to
68 important government positions
69 as a reward for political services

1 they have rendered and because
2 of their partisan loyalty.

3

4 **Policy implementation** - The
5 primary function of the
6 bureaucracy; it refers to the
7 process of carrying out the
8 authoritative decisions of
9 Congress, the president, and the
10 courts.

11