

## The Federal Bureaucracy

Bureaucracies and bureaucrats are central to our lives. They provide essential public services. They possess crucial information and expertise that make them partners with the president and Congress in decision making about public policy. Because of their expertise, bureaucrats inevitably have discretion in carrying out policy decisions, which is why congressional committees and interest groups take so much interest in what they do.

Congress creates each bureaucratic agency, sets its budget, and writes the public policies that it administers. The President can also propose or create new agencies and issue executive orders, and most agencies are responsible to the president. Some political commentators see the bureaucracy as the prime example of the federal government growing out of control. The federal bureaucracy is attacked as “big government.”

A bureaucracy, whether governmental or in the private sector, typically possesses:

- Hierarchical authority structure: power flows from the top down, while responsibility flows from the bottom up
- Task specialization: experts perform technical jobs
- Extensive rules: situations are handled consistently
- Merit principle: entrance and promotion are based on ability (not patronage)
- Impersonality: all clients treated impartially

Bureaucracies and bureaucrats tend to get criticized in the media and casual conversation, and while many Americans may dislike bureaucracies, they often like individual bureaucrats. One aspect of the criticism leveled at bureaucracies is the notion that the governmental bureaucracy is bloated and growing exponentially every year, but in actuality the number of federal employees has been *shrinking*, not growing; and almost all of the growth in “government” in terms of employees has occurred in *state and local governments*. Bureaucrats, in many respects, have thankless jobs. When their bureaucracy works well, no one gives them much credit, but when something goes wrong everyone argues that the bureaucracy is inefficient and that the employees are incompetent. Furthermore, it seems that distaste for bureaucracy is disproportionately aimed at governmental bureaucracy; but no one has yet demonstrated that government is more or less inefficient, ineffective, or mired in red tape than private sector bureaucracies.

The two largest executive *departments* are **Defense** (28% of workers) and **Veterans Affairs** (11% of workers), while the **U.S. Postal Service** (22% of workers) is the largest non-Cabinet *agency*. In total, 2.7 million civilians work for the federal bureaucracy, and another 1.4 million are active duty service members (military). At the state and local level there are 20 million employees (including teachers!). The diversity of bureaucratic jobs mirrors the diversity of private sector jobs. **Patronage**, a hiring and promotion system based on political connections rather than on merit or competence, used to dominate the selection process. The **Pendleton Civil Service Act** (1883) created the federal civil service based on the **merit principle**. The result is a federal bureaucracy that rewards

talent and skill, and creates nonpartisan government services. The **Hatch Act** prohibits civil service employees from actively participating in partisan politics while on duty.

The **Office of Personnel Management (OPM)** is in charge of hiring for most federal agencies. Each job is assigned a **GS (General Schedule) rating**, which determines salary based on experience. The ratings range from GS 1 to GS 18, and those at the very top of the civil service system (GS 16-18) are the **Senior Executive Service**. The president may move members from one agency to another as leadership needs change. As an incoming administration prepares to take control of the government, Congress publishes the **Plum Book**, which lists top federal jobs available for direct presidential appointment. Some of these appointees will be outsiders, or political appointees, and some will be existing civil servants. Evidence indicates that career civil servants are more effective than political appointees at managing agencies, but presidents often want to place knowledgeable individuals who are loyal to the administration's policy goals in managerial positions. Thus, civil servants and political appointees must work together. Unfortunately, some political appointees are not well qualified for their job and only receive it because they made significant campaign contributions and have a relationship with the president. Such appointees may contribute mismanagement and ineffectiveness during a crisis that involves the agency they lead.

For most bureaucrats, administration is a routine matter most of the time. They follow **standard operating procedures (SOPs)** to help them make numerous everyday decisions. SOPs save time, bring uniformity to complex organizations, and promote fairness. Routines are essential to bureaucracy. Yet, when not appropriate to a situation, they can become frustrating "**red tape**" or even potentially dangerous obstacles to action. Bureaucrats operate not only within the confines of routines, but often with considerable discretion to behave independently. **Administrative discretion** is the authority of administrative actors to select among various responses to a given problem. Some administrators, **street-level bureaucrats**, are in constant contact with the public and have considerable discretion; they include police officers and lower-court judges.

The federal bureaucracy's agencies can be organized into four main types:

- Cabinet departments; ex: Department of Justice
- Independent executive agencies; ex: National Science Foundation
- Independent regulatory commissions; ex: National Labor Relations Board
- Government corporations; ex: Tennessee Valley Authority

**Cabinet departments:** Each of the 15 **departments** is headed by a **secretary** (except the Department of Justice, which is headed by the attorney general), who has been chosen by the president and approved by the Senate. Each department manages specific policy areas, and each has its own budget and its own staff. The real work of a department is done in the separate **bureaus** within it that divide the work into specialized areas.

Examples: Department of State, Department of Education

**Independent executive agencies:** All of the government agencies that are not classified as a cabinet department, independent regulatory commission, or government corporation are referred to as executive agencies, which are sort of “small departments.”

Examples: General Services Administration (GSA), National Aeronautics and Space Administration (NASA), Environmental Protection Agency (EPA)

**Independent regulatory commissions:** They have the responsibility for making and enforcing rules to protect the **public interest** in a particular sector of the economy and for judging disputes over these rules. They are sometimes referred to as the “**alphabet soup**” of American government. Presidents *cannot* fire members of regulatory agencies without just cause. *Independent* regulatory commissions are intended to be somewhat insulated from the influence of politics so that they can take a *long-term* view and act in the public interest. However, some of the agencies can suffer from “**capture**” in that those appointed to lead them are from the industries they are supposed to regulate. Too often, the regulator will go on to work for the industry they were regulating after their appointment is over; this is called the “**revolving door.**” Thus, interest groups take an active role in monitoring and influencing such agencies.

Examples: Federal Reserve Board (FRB), Federal Trade Commission (FTC), the Securities and Exchange Commission (SEC)

**Government corporations:** The federal government has a few corporations that provide a service that could be handled by the private sector, but the government corporation typically offers the service at a lower rate to the consumer. The U.S. Postal Service is the largest government corporation, while others include the Tennessee Valley Authority (TVA) that provides inexpensive electricity and the passenger railroad Amtrak.

The **federal bureaucracy** is essentially the **implementer** of public policy in that its departments and agencies develop procedures and rules for implementing policy goals.

**Policy implementation** is the stage of the **policymaking system** between the establishment of a policy (legislative act, executive order, judicial decision) and the results of the policy for individuals. Policy implementation may involve the creation of a new agency, developing guidelines for a new program, and coordinating the resources and personnel to achieve the intended goal. Congress will often formulate a broad policy goal in legislation and then leave the details of implementation up to the federal bureaucracy. Sometimes the bureaucracy is tasked with interpreting legislation in important ways, and policy problems that Congress cannot resolve are *not* likely to be easily resolved by bureaucracies either.

When evaluating the claim that the federal bureaucracy is bloated or too big, the important issue is not the size of the bureaucracy in the abstract but whether it is the appropriate size for the job the bureaucracy has been assigned to do. Often, federal agencies lack the funding and staff to carry out the tasks they have been assigned.

-National Guard units have only 1/3 of the equipment they need to respond to domestic disasters

- the Bureau of Ocean Energy Management, Regulation, and Enforcement lacks the resources to oversee ocean drilling and often relies on companies to regulate themselves
- the U.S. Immigration and Customs Enforcement lacks the personnel to track down those who overstay their visas

Some industries and interest groups actually lobby to keep specific agencies *under-funded* and *under-staffed* because they do not want to be regulated, but even when there is agreement that an agency should receive more resources there is a scarcity of funding. Congress is more willing to provide services to people who want them or increase an agency's responsibilities than it is to actually increase funding to make such services a reality. Most importantly, "big government" is a constant whipping post for politicians and citizens who want to decrease both the size and the budget of the federal government. When discussing the size of government it is helpful to distinguish between the number of employees, the budget, and the degree of regulation or intervention. The desire to decrease the scope of government's influence is different from decreasing the number of federal employees.

While people may disagree about whether the federal bureaucracy is too big, almost everyone agrees that it is overly **fragmented** and that responsibility for policy is often dispersed among too many departments and agencies. Fragmentation, however, is very difficult to resolve because the reorganization and integration of agencies is often resisted by the agencies themselves, the congressional committees that have oversight over them, and the interest groups that have relationships with them. In other words, **hyperpluralism**, in addition to the general **decentralization** of governmental authority, is the best explanation for why reform is difficult. Unique circumstances can provide windows of opportunity to consolidate agencies as happened after the terrorist attacks of September 11, 2001 when Congress created the Department of Homeland Security, the largest reorganization of the federal bureaucracy in half a century.

In the 1980s, a movement to "reinvent government" by decentralizing power complemented the "devolution" movement within federalism. At the same time that more decision-making power was given back to the states, government bureaucracies themselves were **privatized** or opened up to **private sector competition**. Since the 1980s, **private contractors** have become a virtual fourth branch of the national government. The use of private contractors enables politicians to claim that they are "reducing the federal work force" while actually expanding the number of people working for the government. Contractors may provide specialized skills that existing government agencies lack or enable the government to more effectively respond to a crisis. The theory behind the increase in contracting for services is that competition in the private sector will result in better service at lower costs than that provided by public bureaucracies. Critics point out that too often the benefits gained in effectiveness are overshadowed by the lack of public accountability, as government programs and services become hidden from view. Furthermore, the increase in "**no-bid contracts**" has led some to question the relationship between government officials and the private sector.

Government **regulation** is the use of governmental authority to control or change some practice in the private sector. Congress gives bureaucrats broad mandates to regulate a diverse range of economic activities. The notion that the American economy is largely a “**free enterprise**” system, unfettered by government intervention, is not true. The American economy may be less regulated than other economies, but those who celebrate America’s “free market” are making a *value judgment* rather than a *descriptive statement*. The political question is not about whether the government should regulate the economy, but to what extent. As regulators, bureaucratic agencies typically operate with a large grant of power from Congress, which may detail goals to be achieved but permit the agencies to sketch out the regulatory means. Proponents of “free markets” often support **deregulation**, the lifting of government restrictions on business and industry, but the government’s decision to alter the degree to which a regulation will impact a given sector of the economy is itself an **intervention** in the economy. Government will always influence the rules by which economic development and competition takes place, and the political process is what determines the role that government will play.

A regulatory policy is typically created to achieve some desirable social goal, and there are two general approaches. One approach to regulation is **command-and-control policy**, in which the government tells business how to reach certain goals, checks that these commands are followed, and punishes offenders. An alternative approach is an **incentive system**, in which policymakers employ market strategies to regulate industry. The goal of incentivizing reform is to encourage the development of the most innovative and efficient means of reaching the goal without inhibiting economic growth. Those who support command-and-control argue that it prevents the undesirable practice from occurring in the first place, while the incentive strategy merely aims to decrease the frequency of the undesirable practice.

Both the president and Congress are responsible for making sure that the federal bureaucracy is operating properly and implementing policies correctly. The president can often control who the agency heads are and thereby influence the bureaucracy’s operations. The president can also issue **executive orders** to agencies, which carry the force of law. Agencies can be threatened by the Office of Management and Budget (OMB), which makes budget recommendations to the president; while the Congress has the final authority on appropriating more funds or cutting an agency’s budget. Congress has a somewhat paradoxical relationship with the federal bureaucracy. Congress appreciates what federal agencies do for their constituencies, but also want to “reign in big government” for economic and political reasons. Congress often identifies problems and then looks to the federal bureaucracy to implement the solutions, but also finds it challenging to control the “big government” that it helps create. Ultimately, Congress controls the federal bureaucracy’s budget, and it can limit the influence of specific agencies by reducing funding and undermining the agency’s ability to do its job. Congress can also pass **limitation riders**, which forbid agencies from spending money for specific purposes. Congressional committees and subcommittees can hold **hearings** as part of their **oversight function** in order to question bureaucrats and bring instances of corruption to the media’s attention.

Efforts to control the federal bureaucracy are difficult due to the agency's strong ties to both interest groups and congressional committees. Cozy relationships develop between the agency, and the interest groups and committees that influence its behavior. The relationship between the agency, committees, and interest groups is referred to as an **iron triangle** because all three benefit. Iron triangles are seen as "**sub-governments**" that take over a particular issue and further decentralize the policymaking system. The three components of an iron triangle may be in such agreement on how a certain problem should be fixed that the president and Congress are unable to influence the general policy direction in which that sub-government wants to go. An iron triangle can combine an internal consensus amongst the agency, committee, and interest group with a virtual monopoly on information and policymaking power in that policy area. An iron triangle is characterized by mutual dependency in which each element provides key services, information, or policy for the others. Sub-governments, or iron triangles, are typically formed around common *material*, that is, financial interests, but iron triangles have begun to morph into what are now called "**issue networks**" that are less rigid and held together more for intellectual and emotional reasons.

As both implementers and regulators, bureaucracies are making public policy, not just administering someone else's decisions. The fact that bureaucrats, who are not elected, compose most of the government raises fundamental issues about who controls governing and about the proper role of bureaucracies. Bureaucracies constitute one of America's two **unelected policymaking institutions** (courts being the other). However, the fact that voters do not elect civil servants does not mean that bureaucracies cannot respond to and represent the public's interests. In fact, bureaucrats are more representative of the American people than are elected officials in terms of race, gender, educational background, etc. Yet, to many, the huge federal bureaucracy is the prime example of the federal government growing out of control, and it is easy for politicians and political commentators to criticize a faceless bureaucracy that usually cannot respond.

When discussing the size of government and the role that it plays in regulating the economy, it is important to understand that the federal bureaucracy has not grown over the past 40 years, and that due to significant population increases the federal bureaucracy has actually shrunk in size relative to the population it serves. Again, there is a key difference between "big government" in terms of the number of workers and their agency's operating budgets, and the amount of regulations or level of jurisdiction that government has over economic activity. A good case can be made that the federal bureaucracy is actually too small for many of the tasks currently assigned to it – tasks that range from the control of the drug trade, the tracking of illegal immigrants, the protection of the environment, and the regulation of financial institutions.