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7 The Implications of a Protected Bureaucracy

7.1 Introduction

The "problem of bureaucracy" is a lack of productivity and accountability within the federal workforce. It is not new. Indeed, throughout the post–World War II period, politicians have run campaigns denouncing the bureaucracy as being bound in red tape and unresponsive to private citizens. Further, blue-ribbon task forces have been set up to devise ways to improve the performance of the federal labor force, and legislation to implement the recommendations has been enacted.[1] Among the most recent legislation to be considered is the Government Performance and Results Act of 1993, with the goal of improving "the efficiency and effectiveness of Federal programs by establishing a system to set goals for program performance and to measure results" (U.S. Senate 1993, 2). But the problem of bureaucracy remains. It is the result of an environment where neither the president nor the Congress has well-defined property rights over the federal bureaucracy. The current civil service system is, itself, an imperfect institutional response to these conditions.

Over a 100-year period, a civil service system has been put into place that makes it difficult for the president, senior agency officials, or members of Congress to motivate workers to be productive through the use of basic instruments, such as merit promotions, or to remove those employees who do not perform adequately in their jobs. Rather, under civil service rules, pay and promotion are based on time on the job, not productivity; salaries are set within a national pay plan and statutory salary adjustments that generally involve across-the-board percentage increases; and job-tenure guarantees are granted to virtually all career civil service employees. Within this structure, federal supervisors are constrained severely in their ability to reward or to punish their subordinates according to job performance.

In pondering the problem of bureaucracy, the literature has viewed it as a single entity. This is a mistake that obscures satisfactory analysis of the issue. The federal civilian labor force, however, is a mixture of both political appointees and career civil servants. Three categories of federal civilian employees now exist: presidential appointees at the cabinet and agency head level, who generally set administration policies and are accountable to (and can be removed by) the president; senior career officials, who also are part of agency management and policy administration but who are not strictly answerable to the president and are protected by civil service tenure guarantees; and rank-and-file career employees, who perform agency functions and have day-to-day contact with constituents. This last group also has tenure protections and is paid according to civil service guidelines. Hence, each of these three groups operates under different constraints with separate motives, and any discussion of bureaucratic behavior must consider the implications of these distinctions.

We have emphasized the influence of federal employee unions in explaining the development of the federal civil service system in the twentieth century. Certainly, the lobbying efforts of these unions have resulted in many of the familiar attributes of the current institution—uniform position definition, a national pay plan, across-the-board salary increases, and strict tenure guarantees for rank-and-file employees. Union actions alone, however, do not explain why the president and the Congress would be generally responsive to union lobbying pressure or why more concerted efforts to address the problem of bureaucracy apparently are not undertaken. It would seem that there would be high political returns to those politicians who successfully responded to long-standing voter complaints about the performance of the bureaucracy.

To understand the relative lack of progress in reforming the civil service, despite all the rhetoric, one must take into account the lack of clear political property rights to the federal bureaucracy.[2] The confusion over who controls the bureaucracy, the president or the Congress, that exists in the Constitution reduces the incentives of politicians to engage in long-term, meaningful reform. Moreover, in order to mitigate the costs of political competition over the bureaucracy, the president and members of Congress have agreed to civil service rules that inhibit their influence over career federal employees. The rules that have been adopted to shield federal career employees from political manipulation, however, have insulated the bureaucracy from more legitimate political control, contributing directly to voter complaints about responsiveness and productivity. Measures to ensure political neutrality have also created opportunities for federal unions to emerge as a third party in the design of civil service rules. Hence, the absence of a clear principal who would benefit from reform of the bureaucracy seriously complicates any efforts to change the system.

7.2 The Debates over Political Autonomy, Neutrality, and the Extent of Bureaucratic Discretion

Perhaps it is not surprising that the literature on bureaucracy mirrors the confusion surrounding political jurisdiction over federal career employees. There are conflicting views as to the importance of political autonomy and as to whether bureaucratic behavior matters at all in the design and implementation of government policy. For these reasons, no satisfactory explanations for the persistence of the problems of bureaucracy have been offered. Unresolved is the issue of whether the bureaucracy should be accountable to politicians. In early discussions of civil service reform by Woodrow Wilson (1887) and others, there was a sense that a dichotomy between politics and administration was not only desirable but achievable as well. In more recent work by political scientists and economists, it is generally accepted that politics and administration are inseparable (see, e.g., Moe 1989, 1991). Even so, among many historians and students of public administration, the notion remains that effective administration requires protecting bureaucrats from the intervention of politicians so that they can perform their duties in a neutral, technical, and professional manner.[3]

For example, analyses of New Deal regulatory policies point to a goal of creating independent and insulated regulatory agencies. The objective was to allow administrative officials to serve as self-starting, technically expert agents of change. The belief was that the fundamental changes in the economy and society envisioned by the Roosevelt administration could be achieved only through a separation of politics from administration. As Cass Sunstein points out, "the enduring legacy of the period is the insulated administrator, immersed in a particular area of expertise, equipped with broad discretion, and expected to carry out a set of traditionally separated functions" (1987, 441). The emphasis on creating an independent bureaucracy affected the design of regulatory agencies, raising the costs for politicians of subsequently controlling them and contributing to current controversies over the behavior of regulatory bodies.

The view that bureaucrats not only could be but should be apolitical, professional civil servants also muddles reform efforts to achieve greater bureaucratic accountability. The National Federation of Federal Employees (NFFE), for instance, warned that the professional competence of its members was placed at risk by proposals in the Civil Service Reform Act of 1978 to give supervisors greater authority in awarding performance pay. Union representative Sam Silverman expressed the union's "strong and determined opposition to the Carter proposal for Civil Service 'Reform,' HR 11280, S 2640. . . . The bill would lead also to a hierarchization of the civil service, in the sense that the employee's emphasis would now be on currying favor with his superior, rather than on solving problems" (U.S. Senate 1978, 407).

Although bureaucratic autonomy has been viewed as a laudable goal by some, others have viewed it more cynically. Public choice writers, such as Gordon Tullock (1965) and William Niskanen (1971), see bureaucrats as being both opportunistic in pursuit of their self-interests and influential in shaping policy away from what was desired by the president and the Congress. The implication is that reforms are needed to increase political control over the bureaucracy (see also Borcherding 1977). A similar conclusion is drawn by students of public administration, such as Frederick Mosher (1982), Hugh Heclo (1977), James Wilson (1989), and Herbert Kaufman (1965). In that literature, career federal bureaucrats are described as having different objectives from those of either political appointees, who are nominally their superiors, or elected officials. As career officials have become increasingly professional, scientific-management principles and discipline solidarity have provided a protective veil for increasing bureaucratic autonomy. Because monitoring and enforcement by the Congress and the president are costly activities, senior bureaucratic officials are assumed to be able to alter policy to better fit their own preferences. Moreover, it is argued that the agency-review process is too limited and perfunctory to provide an effective constraint. Instances of federal agencies acting as if they were autonomous are interpreted as supporting evidence of this view. For example, activist regulatory policies taken by the Federal Trade Commission (FTC) in the 1970s to restrict television advertising aimed at children and to engage in antitrust investigations of horizontal mergers generated complaints that the agency was operating beyond congressional control.[4]

Contrasting assessments, however, are made by those, such as Sam Peltzman (1976) and Gary Becker (1983), who see nonelected bureaucratic officials as more or less passive respondents to the desires of politicians. Although this assumption does not appear to be based on an extensive analysis of bureaucratic behavior, policy analyses in this literature focus almost solely on the actions of politicians, not on those of bureaucrats.[5]

Bureaucrats are given a more active role in yet another literature, characterized by the work of Matthew McCubbins, Roger Noll, and Barry Weingast (1989), but these officials are assumed to be constrained by Congress through budget appropriations, monitoring by oversight committees, and tight administrative rules. Administrative rules approved by the president and the Congress limit bureaucratic discretion by requiring public participation in the design of new policies and in mandating that agencies give notice before carrying out policy changes. In one of the few empirical cases to test these assertions, Barry Weingast and Mark Moran (1983) argue that controversial FTC decisions in the 1970s were influenced by the composition and demands of congressional subcommittees for consumer affairs and that little opportunity existed for independent action.[6] Wilson (1989, 256), however, objects to this assessment of FTC behavior. He contends that exclusive reliance on congressional oversight ignores the fact that agencies must be responsive to both the president and the Congress, each of whom will attempt to influence agency actions. As a consequence, bureaucratic officials will often be subject to conflicting signals that both will obscure policy directions from politicians and may allow for greater improvisation by the agency.[7] Further, the general conclusion reached that independent bureaucratic behavior is tightly constrained through congressional oversight seems unwarranted by this limited evidence. Showing that Congress had sufficient power to control a "runaway" agency does not deny the existence of independent bureaucratic behavior.

It is clear from this short review of the literature on bureaucracy that there is no consensus on the role that bureaucrats play in policy formation and implementation or on the need for further reform in civil service rules. Any resolution, however, requires an understanding of the institutions in which bureaucratic decisions are made. Virtually all the authors cited in this section, regardless of their views on agency accountability, largely ignore the effects of civil service rules on bureaucratic incentives and the ability deliberately to alter policy. This is a serious omission. The civil service system operates in an environment where there is no clear structure of political control over the federal bureaucracy. These conditions complicate the principal/agent problem in the federal government beyond that generally encountered by firms in the private sector and allow for more bureaucratic discretion in policy matters than is generally recognized in the literature.

7.3 Federal Employees and the Principal/Agent Problem

Consider the three-tier principal-supervisor-subordinate model commonly used to analyze behavior within hierarchical organizations.[8] In the context of the firm, the principal can be thought of as the owner, supervisors as managers, and subordinates as workers. The owners (assuming that there are more than one) generally are considered to be a relatively homogeneous group in terms of their underlying objectives, which we take to be the maximization of the residual (profits). The objectives of workers, however, generally will not coincide with those of the owners. Lacking the time (relatively high opportunity costs), knowledge, and skill to manage workers directly, the owners hire managers to supervise workers. The standard principal/agent problem arises because monitoring, even of supervisors, is costly and incentive contracts may not foreclose all margins for deviation from the owners' objectives. Accordingly, owners are confronted with the potential for opportunistic behavior on the part of both managers and workers. Nevertheless, with clear property rights and a well-defined principal, monitoring will be directed toward maximizing firm profits. Hence, the principal/agent model provides a framework for analyzing the divergent interests of the principal and its agents and how they might be brought into reasonable alignment.[9]

In the federal government, however, the analogous forces leading to a joining of the interests of the principal and the agent are much weaker. To see why, we denote voters as the principal, elected officials (the president and members of the Congress) as supervisors, and bureaucrats as the agents. The first complication is that, unlike owners of a firm, voters are unlikely to possess a distinct common objective, and this situation affects the ability of voters to organize effectively to monitor both politicians and bureaucrats. Thus, the latitude available to supervisors and agents in the federal government is likely to be greater than that which exists in private firms. Voter interests vary across districts, a condition that largely explains why members of the Congress have different role-call voting records (Peltzman 1984). The president's district is the entire country, a far larger and more heterogeneous constituency than that found for members of Congress. Since elected officials, acting as supervisors, do not represent the same set of principals, reaching agreement on a particular policy requires compromise between the president and members of the Senate and the House to form a winning coalition. Once having agreed on legislation, there remains the problem of actually implementing policy within federal agencies in a manner that follows the agreement.

A second complication is that the agents (bureaucrats) are subject to two supervisors since under the Constitution both the president and the Congress have authority over the federal bureaucracy. Under these conditions, there will be competition among the supervisors to influence bureaucratic implementation of policy. That is, the president and members of Congress have incentives to manipulate the bureaucracy in the delivery of government goods and services to meet the preferences of their respective constituents.[10] The potential for such opportunistic behavior by the president and members of Congress in implementing policy, however, can destroy the coalition that led to the initial legislative agreement. Because such actions will be predicted, the costs of negotiating and enforcing policy compromises will be increased. Accordingly, the president and the Congress are motivated to find ways of limiting competitive manipulation of the bureaucracy.

This particular problem has been recognized by McCubbins, Noll, and Weingast, who argue that administrative procedures are designed by politicians to confine agent discretion and to force their decisions to be consistent with the enabling legislation. Elaborate procedural requirements are designed to safeguard against most deviant behavior. Undesirable policy drift is avoided by forcing agencies to move slowly and publicly. Delay gives politicians time to hear from and to mobilize constituents. In essence, with a protracted administrative process in executing policy, elected officials can use their constituents to monitor the actions of both other politicians and bureaucrats.[11] The administrative structure, then, may serve to reduce defection from legislative coalitions.

Competition over the bureaucracy has important implications for understanding the civil service system and the special principal/agent problems that exist within the federal government. As such, it deserves more attention in the literature.[12] Within this competitive environment, the roles played by political appointees and career civil servants are quite different.[13]

7.3.1 The Rivalry for Control of the Bureaucracy and the Roles of Political Appointees and Career Officials

Alone among Western democracies, the American system relies on the use of political appointees to head most federal agencies. Elsewhere, these same positions would most likely be held by senior career civil servants.[14] Wilson argues that the reason for this difference is the separation of powers described in the Constitution, which makes the president and the Congress "rivals for control of the American administrative system" (1989, 257). Contributing to the potential competition over the bureaucracy is the failure of the Constitution to provide a sharp delineation between the authority of the president and that of the Congress in administrative matters. The Constitution instructs the president to execute the law faithfully, but it also grants legislative power to Congress to fund administrative agencies.[15] In fact, the notion that the president is the chief executive officer of the United States, who administers the law and manages executive branch agencies, is a relatively recent one. Before 1921, bureaus and departments could submit bills directly to Congress without clearing them with the president. In the past, both the Congress and the president have claimed the power to remove administrative officials, and Congress has repeatedly challenged the president on the use of the White House staff, which itself dates only from the 1930s.[16] In contrast, under a parliamentary system, such as that which exists in Great Britain, the power to supervise the civil service is assigned to the prime minister, and the House of Commons has no significant authority over it.

The rivalry between the president and the Congress over the career bureaucracy fosters an atmosphere of distrust, whereby presidents view bureaus as unaccountable and the Congress sees them as unresponsive, and these conditions further politicize the administrative process. Such an environment has made a relatively neutral career bureaucracy difficult to achieve.[17]

As we have shown, conflict between the president and the Congress over the career civil service has existed for a long time. In the post–World War II period, however, the rivalry seems to have intensified.[18] With the growing role of government in the economy, deep divisions have occurred between the president and the Congress. Policy issues have become more complex, and the costs of monitoring agency behavior have risen. The administration of Richard Nixon is illustrative of the tensions that exist between the president and the Congress. In President Nixon's view, the permanent bureaucracy was aligned with the Democratic-controlled House of Representatives and, generally, was not responsive to the president. Nixon responded by creating an advisory council to redesign the executive branch with the aim of gaining greater control over the bureaucracy. The Congress reacted by charging that these proposals were mere attempts to bolster the role of the presidency and to weaken the constitutional authority of Congress (U.S. House of Representatives 1976, 489–92).

Similarly, as one of the goals of his administration, President Jimmy Carter promised to improve the performance and accountability of the federal bureaucracy. The focus was on senior career officials, who were most able to affect policy execution and, probably more than incidently, were not represented by federal unions, which would oppose any major restructuring of lower-level positions.[19] The centerpiece of Carter's Civil Service Reform Act of 1978 was the establishment of the Senior Executive Service (SES). Positions in the SES were to be filled by the federal government's top management personnel, usually those who had held GS-16–GS-18 positions, who were to participate more in policy-making activities in addition to more traditional administrative duties. Performance appraisals and merit pay were to be integral parts of the Senior Executive Service, in exchange for which individuals gave up certain civil service protections that allowed them to be transferred to other units or even to be removed.[20] These reforms later proved useful to President Reagan, who replaced a number of SES managers with officials thought to be more loyal to his administration. Nevertheless, the president continued to view contact between representatives of government bureaus and Congress with distrust.

At least on the surface, however, it is difficult to see why the president would not hold an advantage over the Congress in managing the actions of career employees within an agency.[21] The president can alter administrative procedures by executive order, reorganize agencies, and, through the Office of Management and Budget, has the initiative in regulating agency resources.[22] Another important advantage that the President has is the power to select and to discharge the most senior agency officials because they are political appointees. These individuals owe their positions and loyalty to the president.

In 1883, there were 130,000 federal employees, and the president had the authority to appoint and to remove the majority of them.[23] The number of political appointments available to the president today is much reduced, approximately 5,800, not including federal judgeships.[24] These, however, are not the clerks and postal workers of the late 1800s. Today's political appointees hold top management positions. Of the total slots available to the president, about 1,500 are appointments that require the advice and consent of the Senate. Included in this category are department secretaries, federal commissioners, and agency directors and deputy directors. There are another 1,900 positions, including those on the White House staff, that the president can fill without the consent of the Senate. In addition, there are about 700 noncareer SES positions available to agency heads. By law (5. U.S.C. 3134), no more than 10 percent of all SES positions can be filled by political appointees. Finally, there are some 1,800 Schedule C positions that are considered to be of a confidential or policy-determining character and are exempt from the competitive civil service. The selection of individuals for these positions is usually left to agency heads, although the president has the right to make the appointment. Schedule

C appointments are important because they include such positions as confidential assistant to the agency director and regional director.

Accordingly, the highest echelon in most federal agencies is staffed by the president's political appointees. Since loyalty to the president is explicit when an individual accepts a political appointment to a senior position, the potential for the agency to "drift" toward the policy preferences of the president seems apparent. An appointee who does not follow the administration's agenda can be removed quickly.[25]

The problem, of course, faced by top administration officials is in obtaining the compliance of career civil servants, who have tenure and a sheltering array of civil service rules. Moreover, not all policy-making positions are held by political appointees. Career civil servants within the Senior Executive Service or those who have high-ranking GS (GM if managerial) positions also are employed near the top of various bureaus within federal agencies. These individuals can affect the administration and enforcement of policy in important ways. For example, at the FTC and in the Department of Justice, lawyers and economists, who are neither political appointees nor in the Senior Executive Service, often make decisions about whether a case is worth pursuing and whether a particular piece of evidence is relevant (see Katzman 1980; Eisner and Meier 1990). Similarly, at the Environmental Protection Agency, field investigators have considerable leeway in the enforcement of the clean air and other environmental regulations authorized by Congress (Wood 1988).[26]

As a result, career civil servants play a central role in the competition between the president and the Congress over control of the bureaucracy. They can be valuable political assets. Career officials can testify before Congress about administration policies and let Congress know if legislated rules are being broken.[27] Because of their day-to-day contact with political appointees within agencies, senior career officials will be among the first to know when the administration is attempting to change policy in a clandestine manner by not first consulting with Congress. Knowledge that agency policy is undergoing change is essential if Congress is to enforce legislative agreements and maintain its authority with respect to the president. Bureaucrats, who have regular contact with client groups, are also in a position to sense shifts in constituents' demands.

The widespread concern over bureaucratic accountability, however, suggests that career officials may also act in ways that are distinct from the objectives of *both* the Congress and the president. They can elect to withhold information or to provide it with a particular slant if it is in their self-interest to do so.[28] Because they are often professionals with specialized education, training, and occupational experience, career bureaucrats have the potential to shape information and to guide opinions. This possibility adds yet another complication to the principal/agent problem within the federal government. Indeed, asymmetric information and the associated management of information on bureau performance that is released to the president and the Congress can provide career bureaucrats with significant advantages over both sets of supervisors. Before we can assign career officials a major role in influencing policy in their self-interest, however, we need to consider what incentive they would have to do so and under what conditions they might take independent action.

7.3.2 The Budget-Maximizing Bureaucrat

One of the best-known hypotheses about bureaucratic behavior is that of Niskanen (1971), who assumed that bureaucrats act to maximize their budgets. The rationale offered was straightforward. Senior bureaucrats maximized budgets because the opportunities for promotion and higher salaries, as well as for greater prestige and power, depended on the size and growth of their agencies.[29] Bureaucrats were able to accomplish their objective because they controlled the information used by the Congress in deciding agency appropriations.

Niskanen was one of the first to apply standard economic behavioral assumptions to the analysis of bureaus, and his work was a respite from much of the early bureaucracy literature, which had portrayed public servants as selfless administrators of the public weal. The notion that bureaucrats would seek to maximize their agency's budget, however, has been challenged.[30] André Blais and Stéphane Dion have summarized the evidence on whether bureaucrats are budget maximizers, and there is only limited empirical support for the hypothesis. One reason for that finding is that the link between a budget-maximizing strategy and bureaucratic self-interest is thin (see Blais and Dion 1991, 355–61).

Our research shows why there is little tie between salary growth and agency size. Faced with a potential for bureaucrats to expand the size of their agency deliberately, Congress could either increase its monitoring and data collection regarding the bureaucracy or sever any link between salaries and agency size. The latter response seems to be the option chosen by Congress. As we discussed in chapter 5, the salaries of senior career officials are restricted by law (5 U.S.C. 5308), and they may not exceed those paid to officials in Executive Level V, who are generally political appointees.[31] These salary caps for top management officials are low, compared to compensation in the private sector. Because salary limits apply to all agency managers and are relatively inflexible, they largely remove any incentives that senior officials might otherwise have had to expand their agency to facilitate promotion and higher salaries.[32]

Moreover, the national pay plan for all GS workers seems empirically to have removed any association between bureaucratic compensation and agency growth or decline. In chapter 6, we presented evidence indicating that agency growth had little effect on the salaries of white-collar federal employees. The reported tests, however, were for all GS employees, not just the senior bureaucrats to whom Niskanen implicitly referred. Nevertheless, restricting the sample to just senior administrative and professional employees, who are best positioned to promote agency growth, produced even smaller and less significant effects of agency growth on salaries.[33] The coefficient on the agency growth variable for this restricted sample is only .033, implying that an agency must more than double its size in order for salaries to increase by 3.3 percent, relative to an agency that did not grow. Further, introducing an agency-size variable in the standard wage regressions for GS employees revealed a negative relation between agency size and salary, although the effect was small.[34] The coefficient on the size variable for both the 1980 and the 1985 samples indicated that salaries in the smallest agencies (fewer than 1,000 employees) were approximately 1 percent higher than those in larger agencies (over 100,000 employees) (see Johnson and Libecap 1989a, 72). The results of these various tests suggest that bureaucratic salaries are largely determined independently of either agency growth or agency size.[35] As we have stressed, salaries are standardized within the national civil service structure and are not agency specific.[36]

Constraints on bureaucratic behavior are also evident in the structure of the appropriations process. Niskanen's portrayal of federal government agencies, attempting to maximize their budgets by making essentially all-or-nothing offers of a promised output in exchange for a particular budget allocation, ignores the institutional constraints that greatly limit what an agency can do with its funds.[37] In the appropriations process, Congress budgets an amount for salaries and expenses, and it specifies a number of full-time-equivalent positions that cannot be exceeded. These procedures limit the ability of an agency to trade off personnel for higher salaries. Agency budgets, however, are sufficiently fungible to cover most promotions and associated salary increases (Hartman 1983, 108; U.S. Classification Task Force 1981, 106).

The salary caps for senior officials also serve another purpose. In an environment of competition between the president and members of Congress to influence the bureaucracy, salary limits make it more difficult for politicians to reward agency officials who are especially responsive to their demands to adjust policy. The restrictive effects of salary caps are complemented by a national system of uniform position classification, a corresponding national pay plan, and fixed promotion schedules, all supervised by a separate agency (the Office of Personnel Management). The need to restrain political manipulation of the bureaucracy and thereby to maintain legislative coalitions also explains why the president and the Congress have been unwilling to allow supervisors much discretion in rewarding or disciplining their subordinates. Moreover, it explains why only marginal funding has been provided for the performance pay schemes authorized by law and why only meager amounts can be paid to any individual.[38] Further, the authority granted federal supervisors, who may be political appointees, in performance evaluations of subordinates appears to be less than that delegated in the private sector. In the private sector, performance rewards to motivate employees appear to be much more widespread, larger, and more frequently used than in the federal government (Milkovich et al. 1991). For government employees, the evaluation process is more formal and the rewards smaller.[39] Additionally, performance evaluations are almost always satisfactory or better for most federal employees, with the result that promotion within a job ladder is usually routine.[40] In sum, civil service pay plans tend to reduce the ability of politicians to entice agency officials to alter policy toward designated constituents.[41] It seems likely that, through these constraints on their ability to influence the bureaucracy in implementing policy, politicians are better able to reach and to enforce legislative agreements.

Although there is a growing recognition that civil service rules play a critical role in salary determination, in setting promotions, and in limiting the overall discretion available to agency managers in personnel issues, the benefits that such an arrangement provides to elected officials are much less appreciated.[42] These benefits also help explain why the civil service system has been maintained, despite voter complaints about poor performance and responsiveness by the federal workers who are protected by it. In addition to constraining opportunistic behavior by politicians and bureaucrats, the compensation and promotion practices of the civil service system appear to lower the political costs of implementing organizational and policy changes by reducing potential bureaucratic opposition.

With no firm link between salary growth and agency expansion or contraction, bureaucrats have less of a stake in the maintenance of a particular organization. Consider, for example, the termination of the Civil Aeronautics Board (CAB) on 1 January 1985, as authorized by Congress. There was no entrenched and sustained resistance from career agency officials or appeals by them to constituents to derail the process of airline deregulation. Civil service rules contributed to a smooth transition because they offered job protection to career employees. Under uniform systemwide pay policies, individual salaries or promotions were not placed at serious risk. Beginning in 1980, budgets and staffing levels were gradually reduced at the CAB, with employment falling from 734 in 1980 to 367 in 1984 through attrition and without the need of a potentially disruptive reduction in force. At the end of 1984, most of the remaining CAB functions and personnel, including division chiefs and staffs, were transferred to the Department of Transportation, with many offices remaining essentially unchanged.[43]

The civil service system, then, provides substantial benefits to the president and the Congress, especially as it pertains to senior career officials who are in a position to influence the administration of policy. As we have argued, however, the protections and privileges granted by the system are not restricted to top officeholders. Tenure guarantees, relatively high levels of compensation, inordinate weight on seniority for promotion, and other benefits are granted to the rank and file, with less obvious parallel benefits to federal politicians. These aspects of the civil service system have been added at the behest of federal unions.

There are, of course, trade-offs from a strictly formalized compensation and promotion system that provides few opportunities for political intervention.

Under the civil service system, the effectiveness of the delivery of government goods and services hinges less on factors easily adjusted by politicians and more on other factors, such as identification with agency mission or professional ties, that are not under the direct control of the president or the Congress.

7.3.3 A Professional Bureaucracy

The real control problems that Congress and the president face with the federal bureaucracy are not those of bureaucrats seeking to expand the size of their agencies in order to increase their salaries. Instead, the problems are how to direct and to motivate a professional bureaucratic labor force within the very protective structure of civil service rules. These rules reduce the authority held by politicians over the bureaucracy and allow bureaucrats to engage in independent, nonneutral activities that are motivated by professional goals.

Professionalism has expanded rapidly in the federal government during the post–World War II period. As government services have become more complex in nature, there has been greater reliance on professional training and certification of federal employees. The changing composition of federal jobs illustrates the pattern. In 1973, for example, 15.0 percent of total General Schedule employment was in professional occupations. By 1983, however, the proportion had risen to 22.4 percent.[44] Working for professional objectives with which one agrees would seem to be especially important in an environment where financial incentives are largely absent. Heclo (1977), for instance, noted that career civil servants often associate closely with the historical mission of their agencies. These ties provide an important motivation for implementing policy. For example, in his case study, Jerry Mashaw (1983) emphasized the role of administrators' personal values and identification with the goals of the agency in analyzing the performance of the Social Security Administration (SSA) in processing disability claims.[45] Further, professional and career links between government employees and outside groups can also give job performance incentives through peer group pressure and greater employment opportunities in the private sector.

Professional relationships, however, are likely to lead to bureaucratic behavior that is not desired generally by the Congress or the president. Indeed, the growing professionalism of the federal labor force and the problems that it poses for presidential and congressional control have long been a concern to those who study the federal bureaucracy.[46] To be in good standing within a particular professional group requires investment in education and a dedication to the codes of conduct, goals, and methods of analysis of the discipline. Hence, professional ties often involve the use of discipline-based methodologies for accomplishing agency objectives.[47] Government employees whose goal is professional advancement tend to promote structural changes within agencies that enhance their own autonomy and ability to pursue their objectives (Mosher 1982). They encourage further professionalism within their agencies and the hiring of those with similar credentials. The professional ties of government employees may go beyond the agency, and the potential for related job opportunities in the private sector can make individuals more sympathetic to the interests of certain clients in executing policy (Spiller 1990).

We recognize that professionalism and a close association with the interests of a client group do not, by themselves, present an administrative problem to politicians. Indeed, when the president and the Congress both agree on policy, and when that course of action fits well with the agenda of professional groups within an administrative agency, there is no reason to expect policy drift.[48] Moreover, since under the civil service system supervisors have only limited means for addressing shirking, it can be reduced when there is substantial professional agreement by all parties, politicians and bureaucrats alike, on the agency's mission and the direction of its policies.[49]

The problems that most analysts see with professionalism occur when these conditions are not met. When an agency is relatively new, the professionals hired are likely to meet the various litmus tests that match them with the agency's political sponsors. Indeed, civil servants may seek and even help secure the expansion of their agency, if they closely identify with its output. In the face of changing conditions and political uncertainty, however, politicians must be flexible in responding to new demands and influential constituents. Agency officials with close professional ties to old constituents are less likely to be willing to adapt to new circumstances and, hence, likely to engage in tactics that delay or limit the adjustment of policy. Further, if agency personnel disagree with the new policy orientation, their enthusiasm and work effort may decline. Alternatively, agency employees who are associated with a new policy may seek to move away from old constituents more rapidly than is desired by politicians.

The conflict between the new Reagan administration and the EPA over environmental policy (see Wood 1988, 1989; Cook 1989) presents an illustrative case study of professional career officials who attempt to maintain policies with which they identify even though political conditions have changed. Under political appointee Ann Burford, and with OMB cost-benefit reviews of regulatory policy, the administration attempted to slow or block the implementation of environmental restrictions enacted under the Carter administration. As B. Dan Wood shows, career program and enforcement officials in the EPA, who had professional and personal goals that required more activist regulation, attempted to resist these changes by doing their jobs "regardless" (1989, 973). Wood argues that their active resistance helped undermine Burford.

The incentives of bureaucrats to resist or, alternatively, to promote policy change are increased because of the very nature of many government services. Federal agencies often administer policies regarding the environment, health care, and defense, and people hold intense preferences about what the government's role in these areas should be. Professionals seeking employment with the government are often attracted to a particular agency because of its stated mission or because of the opportunity offered to help change the way in which it operates.

The problems that an identification with an agency's mission can bring for presidential and congressional control are noted by Samuel Beer (1976). Beer argues that close links develop between the professional bureaucracy in Washington, D.C., and their colleagues at the state and local level, with federal officials becoming inside lobbyists for their programs. Beer asserts that this bureaucratic coalition not only promotes the expansion of federal programs but leads to greater decentralization as well, with actual implementation shifted to state and local agencies that are beyond the direct control of federal politicians.[50]

An example of the effects of changing political conditions and apparent independent behavior on the part of agency personnel, sheltered by civil service rules, is provided by the U.S. Forest Service (USFS). Herbert Kaufman (1960) once described USFS personnel as being highly motivated and dedicated to the agency's main mission. Throughout much of its history, the Service's mission largely centered on providing services and commodities to the timber and grazing industry.[51] In the 1960s and 1970s, the professional staff of the agency was composed largely of people trained in timber management and harvesting, foresters and engineers who supervised timber sales and road construction to access sites. The political success of the environmental movement greatly changed the mission of the agency and pitted interest groups against one another. These conflicts resulted in a change in the types of professionals employed by the USFS. Individuals trained in wildlife management, biologists, and specialists in recreation became much more common. For example, in 1972 there were 4,945 professional foresters and only 121 wildlife biologists in the Department of Agriculture, with almost all employed by the USFS. In comparison, the number of foresters in 1991 was 5,399, while the number of wildlife biologists had expanded to 1,159.[52]

With the change in professional orientation within the USFS, there has been a growth in the number of employees who actively challenge agency policy. These individuals want the Forest Service to move more completely toward environmental goals, such as wilderness preservation, and away from past policies in support of the timber industry. Politicians bear the political costs of such policy adjustments and, hence, must act more judiciously and more slowly. Agency employees, on the other hand, with professional ties to new policies and strongly held beliefs about their implementation have latitude within the civil service system to act as advocates. For instance, the Association of Forest Service Employees for Environmental Ethics, with a claimed membership of 2,000, openly encourages employee opposition to timber sales.[53]

Although in the 1960s expanding the agency's budget and harvesting more timber blended with the Forest Service's notion of its mission as well as with the background of top staff members who were trained in timber management, more recent events suggest that top officials are willing to sacrifice their budgets and even their jobs rather than expand timber harvesting. John Mumma, a SES employee and the first wildlife biologist in the history of the USFS to have risen to the level of regional forester, openly resisted Bush administration demands to expand harvests on the fifteen national forests in his jurisdiction. Because of his actions, he was asked to resign his position.[54]

In the private sector, actions such as those taken by the Association of Forest Service Employees for Environmental Ethics would likely bring dismissal. Although career federal employees can be, and occasionally are, dismissed, civil service rules offer them greater protections than are available to private-sector employees.[55]

Accordingly, the civil service system provides the opportunity for discretionary behavior by career federal employees, and their motivation for doing so is more likely due to their professional beliefs and preferences than to a conspiratorial attempt to increase salaries by expanding agency size. In situations where government employees hold strong personal preferences, the notion that they will be neutral civil servants is a naive one. In those cases where federal employees are most likely to be neutral, however, the problems of motivating productivity and encouraging responsibility are apt to be the greatest. In the absence of pecuniary rewards or a professional interest in agency policy, bureaucrats have little reason to perform or to be overly responsive to politicians or their constituents.

As a result, the civil service system has evolved into an institution that provides neither strong incentives for performance nor a policy-neutral workforce. Since federal employees have had a major role in the design of the system, especially as it applies to the rank and file, the outcome should not come as a surprise. Nor should it come as a surprise that the president and the Congress have managed to do so little to change the institution as its defects have become apparent. As we have suggested, the principal/agent problem encountered within the federal bureaucracy is a complex one. Voters, as the principals, are heterogeneous with conflicting political objectives, and the supervisors of their agents, the president and the Congress, have unclear political property rights over the bureaucracy. They compete as rivals, and, with different constituents, the president and the Congress are motivated to direct the bureaucracy in different ways. By limiting competition to entice senior career employees to alter policies, the civil service system can reduce the dissipation of political rents. Because the system provides important benefits to federal politicians, they are reluctant to make major changes without other safeguards to take their place.

7.4 Conclusions

The problems of bureaucratic productivity and accountability associated with the current federal civil service system are in contrast with the reforms initiated by the Pendleton Act. The Pendleton Act instituted merit hiring, and it did not grant tenure or address dismissal. Dismissal, of course, became an issue, but the limited tenure guarantees granted by President McKinley in 1897 allowed for firing for just cause. The overriding emphasis in the early administration of the civil service system was efficiency. More iron-clad tenure rules, as well as salary and promotion provisions that heavily weigh time over productivity, were added later at the behest of federal employee unions, who could appeal to the Congress.[56] For rank-and-file career employees, however, complete tenure guarantees make little political sense for the president and the Congress. More remote from policy determination and management, lower-level workers are less susceptible to (and less valuable for) political manipulation than are those at more senior policy-administration levels. Further, it is in the interest of politicians to have federal employees perform effectively in the delivery of services to constituents. The issue is less clear for senior career employees. The president and the Congress have perceived collective gains from limiting their ability to influence senior career officials in policy administration to prevent political opportunism. Tenure provisions and salary caps make it difficult for politicians to intervene at the agency level to pressure senior officials, either through threats of dismissal or through promises of salary increases, in order to influence policy administration. Although there are benefits from this arrangement, these constraints shield senior career officials, along with their rank-and-file colleagues, from direct political control.[57]

Some actions have been taken in an effort to reform the federal bureaucracy through system reorganization and adoption of performance pay. Indeed, the promise of civil service reform was an integral part of President Jimmy Carter's 1976 election campaign. Under his administration, the Civil Service Reform Act of 1978 (92 Stat. 1111) was passed. A major provision of the law was the establishment of merit pay for certain middle-level managers (GS-13–GS-15 supervisors and management officials) and performance pay for members of the newly created Senior Executive Service (formerly GS-16–GS-18). Although these pay plans were designed to provide work incentives, they quickly succumbed to pressures on supervisors to rate employee performances uniformly high and to an unwillingness on the part of Congress to provide sufficiently large rewards to provide a credible incentive structure (see Milkovitch et al. 1991, 18–33). For example, the average reward to middle-level managers in 1985 was around 3 percent of base pay.[58] For these reasons, most authors have concluded that the 1978 law did little to institute pay-performance incentives (see Wilson 1989; Milkovich et al. 1991).

Meaningful bureaucratic reform has been difficult to achieve for two fundamental reasons. First, federal unions have resisted it, especially attempts to replace seniority in pay determination with performance-related measures for general employees. The second reason is that, since the structure of protective bureaucratic rules also guards against political opportunism, members of Congress are not apt to make adjustments that would give advantages to the president. Nor is it in the president's interest to grant more authority over the bureaucracy to the Congress. Not only would this dilute the president's constitutional powers, but, since members of Congress have much narrower constituencies, greater congressional control over the bureaucracy would direct policy away from the president's constituents. Under current conditions, there is a standoff between the president and the Congress that will block major changes in the civil service system, at least as they affect senior career officials.

In countering civil service reform efforts, federal unions can resort to the use of popular myths about patronage. That is, any effort to reduce the privileges held by rank-and-file employees and to strengthen political control of the bureaucracy can be cast as a return to patronage. In this way, the bureaucracy is attempting to control or to mold the flow of information in the debate over civil service reform. By raising the "devil" of patronage, the discussion is diverted from an analysis of the private benefits received by career employees under the current system to a debate over the risks of dismantling civil service protections and reinstating patronage.

The notion is that, left to their own devices, politicians will readily reinstate the spoils system and that only the efforts of public-minded citizens and the courts prevent them from doing so.[59] Although such a characterization is useful to federal unions, it ignores the interests of federal politicians that we have emphasized in this volume. There is no returning to patronage. Since 1883, the President and the Congress have had important reasons for limiting patronage, and those reasons remain today. Nevertheless, the belief that politicians would readily return to the days of patronage has contributed in important ways to institutional change in the civil service, an issue that we deal with in the next and concluding chapter.

Notes

1. The history of the federal civil service is replete with examples of commissions established to study the performance of the federal government workforce. One recent study that attempted to identify particular areas of waste and inefficiency is the Grace Commission, appointed by President Ronald Reagan. Its report (Grace Commission 1984) claimed that more than $400 billion could be saved over a three-year period by eliminating waste and inefficiency. The commission listed numerous practices that could be eliminated or changed to achieve savings, including excessive compensation of federal workers. The commission's report, of course, was not well received in all quarters, but it reflects a general consensus that the federal bureaucracy has become increasingly unmanageable. A more popular view of the problems of bureaucracy is provided in Haas (1990) and Osborne and Gaebler (1992). DiLulio, Garvey, and Kettl (1993) provide an academic discussion of ways to improve the performance of the federal bureaucracy, and the most recent political effort is made by the National Performance Review of the Clinton administration (Gore 1993).

2. Cain, Ferejohn, and Fiorina (1987, 1–16) point to the absence of details in the

Constitution on the duties and powers of members of Congress in implementing policy and to the necessity of bargaining with the president.

3. An example of the belief that politics and administration not only can be but should be separated is Pisani's (1992) analysis of water law and policy in the American West. He is critical of existing water use and allocation practices and argues that the problems are due to the intrusion of politics over sound administration. Had water been allocated by a technically proficient planning agency, according to Pisani, many of the historical and current problems of water use would have been avoided. Given the value of water in arid regions, the view that it could be neutrally allocated by disinterested administrators is unrealistic. Further, the decisions of an autonomous bureaucracy on the allocation and use of an extremely valuable asset are unlikely to result in a welfare improvement over the existing situation. For another historical discussion, in this case the delegation of New Deal regulatory policies to autonomous agencies, see Irons (1982).

4. The FTC is an independent commission headed by five commissioners, who are appointed by the president with the consent of the Senate. The main mechanism available to the Congress for influencing the behavior of FTC personnel is the agency's budget appropriations.

5. Becker (1983, 396) acknowledges that bureaucrats may, on occasion, influence the content and direction of policy.

6. Weingast and Moran use roll-call voting scores of committee members, as measured by Americans for Democratic Action (ADA), to identify changes in their preferences. One problem with these so-called ideology measures is that they are very broadly based and may include only a few votes that have anything directly to do with FTC operations or policy.

7. Moe (1982) has also analyzed the behavior of the FTC as well as a number of other federal agencies. His findings suggest that agency actions vary with changing presidential administrations.

8. For elaboration, see Tirole (1986).

9. For discussion of the agency problem in the firm and the various ways in which it is addressed, see Williamson (1985) and Fama (1980).

10. Concerns about the appropriateness of the standard principal/agent model for analyzing bureaucratic control issues in the federal government are raised by Cook (1989). In his investigation of Environmental Protection Agency (EPA) responsiveness to the president and Congress, he argues that these competing political principals made separate and conflicting demands on the agency, possibly allowing for more agency discretion.

11. The description of this progress by McCubbins, Noll, and Weingast (1989, 439) is similar to that of a cartel attempting to enforce its agreement by use of devices that signal cheating.

12. Macy (1992) argues that the "tug of war" over the federal bureaucracy is beneficial, reducing the likelihood that an agency will be captured by special interests.

13. Kiewiet and McCubbins (1991, 22, 182) discuss the principal/agent problem that arises with congressional delegation of policy implementation to federal bureaus. Although they point out that the government is divided between the president and the Congress, they do not develop the implications for the principal/agent problem. As we argue, with no clear principal/supervisor, the agency problem in managing the federal bureaucracy is more complicated than that found in private firms. For reference to the agency problem in the federal government, see also Mashaw (1983, 72).

14. For a comparison of civil service systems in other countries, see U.S. House of Representatives (1976), Smith (1984), and Peters (1991).

15. The Constitution (art. 1, sec. 8) grants the Congress budget and oversight author-

ity over the federal bureaucracy. Presidential oversight over the executive department agencies grew during Franklin Roosevelt's administration, following the report of the President's Committee on Administration and Management.

16. For a history of some of these conflicts, see U.S. House of Representatives (1978a), Sundquist (1981), and Wilson (1989, 258).

17. For discussion, see Kaufman (1965, 55).

18. Conflicts over the control of the civil service described in this section are similar to the discussions in Heclo (1977), Sundquist (1981), Knott and Miller (1987), and Wilson (1989).

19. As we pointed out earlier, senior officials may belong to professional groups, but they do not generally belong to the major government unions, whose memberships are largely from the rank and file. Federal unions did oppose provisions of the Civil Service Reform Act, which they saw as threatening the position of their members (see U.S. Senate 1978; and U.S. House of Representatives 1978a).

20. Reassignment and transfer to another agency is allowed with fifteen days advance notification (see 5 U.S.C. 3395).

21. Fitts and Inman (1992) describe the ability of presidents to constrain the actions of Congress in determining levels of domestic spending and tax favors.

22. For discussion of Reagan administration actions regarding the EPA, see Cook (1989).

23. Since the Tenure of Office Act of 1867 was still in effect, the removal of any officer first confirmed by the Senate required the approval of that body. The act was repealed in 1887 (see Van Riper 1958, 67).

24. The figures presented on the distribution of political appointment positions were provided by James Pfiffner of George Mason University and are based on data obtained from the executive clerk to the president, as of February 1992. See also the so-called Plum Book (U.S. House of Representatives 1988).

25. The appointment process can fail, and some appointees may set off on a path that deviates from that desired by the president. It may well have been that both the president and the Congress wished for a much earlier departure of FBI chief J. Edgar Hoover but were unable to achieve that result. Hoover appears to have lasted as long as he did because he was able to play the president and the Congress off against one another and kept "secret files" on members of Congress (Knott and Miller 1987, 169–70).

26. Cook (1989) describes the conflicting actions and tools available to President Reagan and the Congress in their separate efforts to influence EPA policy in the early 1980s. The president relied on Office of Management and Budget reviews and presidential appointments to slow environmental policy. Congress, however, relied on its past legislative authorizations and links between key committees and EPA officials.

27. Congress encourages these exchanges and can grant protection to employees under the so-called Whistleblower Protection Act (see 5 U.S.C. 1201).

28. Wood (1989) argues that career officials of the EPA who strongly identified with an activist environmental policy engaged in guerrilla action to leak selected information to the press to undermine Reagan's political appointee, Ann Burford, who attempted to restrain EPA actions.

29. Niskanen was not alone in making this argument. For example, Arnold stated, "The income incentive is probably their most important personal goal . . . . Ordinarily, promotions can be obtained only when others resign or retire; however, they are considerably easier to obtain if the organization grows and new positions are created. It is, therefore, in the bureaucrat's self-interest to promote organizational growth by working for budgetary increases" (1979, 22).

30. Migué and Bélanger (1974) argued that bureaucrats would act to maximize the bureau's discretionary budget, not its total budget. Breton and Wintrobe (1975) pointed

out that bureaucrats, on occasion, move to smaller units from larger ones. Niskanen has been influenced by these arguments and has changed his views on the budget-maximizing hypothesis. He now suggests that the assumption that bureaucrats maximize their budgets be dropped in favor of the assumption that they maximize their discretionary budget (Niskanen 1991, 28).

31. For a discussion of the problems that salary caps pose for the recruitment of top-level personnel, see Hartman (1980).

32. Indeed, pay compression problems for senior employees are often emphasized in hearings on federal salary legislation (see chap. 5; and U.S. Senate 1962).

33. These results are based on wage regressions that provided estimates of individual agency salary growth over the five-year period 1980–85 while controlling for changes in characteristics of the agency's workforce (see Johnson and Libecap 1989a, 445).

34. The results were obtained by estimating the same wage regression reported in app. C, but replacing the agency identifiers with a variable measuring the size (number of GS employees) of the individual's agency. For both the 1980 and the 1985 data sets, the estimated coefficients on the agency-size variable were negative and statistically significant at better than the 1 percent level (Johnson and Libecap 1989b, 72).

35. It is not a contradiction to claim that agency growth can have a positive and agency size a negative effect on salaries. As we argue below, the contracting environment in larger agencies is different than it is in smaller ones.

36. For additional evidence that direct benefits accruing to bureaucrats who manage to increase the size of their staff are few, see Young (1991).

37. These budget constraints are often overlooked. Borjas (1980), e.g., offers a model wherein federal agencies are assumed to have been given a fixed budget and are then free to spend it on hiring a workforce. His model implies a direct trade-off between employment and the agency wage rate, with the wage rate falling as the agency hires more staff. Because Congress allocates a fixed number of positions to each agency and there exists a position classification scheme, we do not see support for a wage/employment trade-off within a particular agency.

38. It is important to note that the merit pay system for middle managers, GS-13–GS-15, was to be revenue neutral. No additional monies were appropriated. Limitations on how much an individual can receive also exist. For example, performance pay for SES personnel is not to exceed 20 percent of base pay. See the discussion by Milkovich et al. (1991, 18–30) and Johnson and Libecap (1989b).

39. There is some evidence of possible managerial discretion in the setting of salaries within the limitations of the civil service system (Johnson and Libecap 1989b). As shown in app. C, wage estimates, using the 1985 data set for 16,616 federal employees, reveal differences across the agencies, controlling for socioeconomic and occupational factors. Such variation across the agencies in what is otherwise a national pay plan with uniform position classifications and salaries may reflect, in part, the actions of supervisors to bend the rules in order to reward selected individuals. One might expect that discretionary activities like these are influenced by agency size. Although personnel rules are the same in large and small agencies, the informal structure of smaller organizations may foster cooperation among employees, supervisors, and those who classify job positions within an agency. These conditions could explain why agency size would have a negative effect on salaries. As mentioned above, however, the effect of size on salaries is small, no doubt reflecting the constraints imposed on managers and supervisors by civil service rules. Another reason for differences across agencies is the use of special pay rates. By law (5 U.S.C. 5303), the Office of Personnel Management is allowed to establish special rates where the government encounters difficulty in recruiting and retaining personnel in certain occupations and locations.

40. Appraisals of job achievements carry more weight for senior employees seeking promotion across occupational job ladders than they do for rank-and-file employees within a specific job ladder.

41. Horn also argues that the organizational features of the civil service system reflect a deliberate attempt by legislators to guard against opportunism: "The merit system undermines the ability of a political faction to entice officials out of their neutrality" (1988, 271). He also suggests that certain aspects of the civil services rules such as tenure provisions reduce agency problems. In contrast, we argue that there are opposing effects to granting tenure that lead to a new set of agency problems and that these problems are not overcome by an incentive structure that fosters what Horn calls "competition among officials for promotion" (p. 279).

42. Blais and Dion (1991), e.g., discuss some of the constraints that the current system imposes on managerial discretion.

43. See the discussion in "Where to Find CAB Functions" (1985).

44. Professional job categories have been defined by the Civil Service Commission and the Office of Personnel Management using such criteria as the need for specialized training and the existence of professional standards (see U.S. Civil Service Commission 1973; and U.S. Office of Personnel Management, *Federal Civilian Work Force Statistics: Monthly Release* [July 1984]).

45. Indeed, Mashaw describes how SSA administrators create a culture wherein there is reliance on the professional judgment of agency employees in administering benefits.

46. For discussion, see the papers in Sayre (1965).

47. How professional differences can alter the implementation of policy was illustrated when a large number of economists were added to the staff of the Federal Trade Commission (FTC). The economists often disagreed with the agency's lawyers on whether an antitrust case should be pursued (Katzman 1980). Coate, Higgins, and McChesney (1990) present empirical evidence that the Bureau of Economics, staffed mainly by economists, and the Bureau of Competition, staffed mainly by lawyers, view merger cases differently. Coate et al. attribute this result to different incentives faced by economists and lawyers. The latter's human capital is benefited more by litigation as it raises subsequent returns in both the private and the public sectors, thus providing the incentive to file a complaint. For an analysis of antitrust policy at the Department of Justice that also emphasizes the composition of the personnel who make up the bureaucracy, see Eisner and Meier (1990).

48. There is an extensive literature that addresses the desire of elected officials to have policy implementation bureaucratized (see Fenno 1978; Fiorina and Noll 1978; Cain, Ferejohn, and Fiorina 1987; and Fiorina 1989).

49. Shirking by government officials can take a variety of forms, including low productivity and selectively directing effort to those projects that blend well with bureaucratic preferences and away from others. McCubbins, Noll, and Weingast also offer a distinction as to the different forms that deviant bureaucratic behavior can take: "One is simple shirking: an agency becomes a Club Med for government officials who undersupply policy decisions. Another is corruption: agency officials allow the bureau to be 'captured' by selling out to an external group. Still another is oligarchy: the peculiar political preferences of the agency override democratic preferences" (1987, 247).

50. Inman (1988) provides some econometric evidence of the political pressures by local constituents for greater federal expenditures under federal revenue sharing.

51. For a brief history of the USFS and how its past behavior fit the budget-maximization hypothesis, see Johnson (1985).

52. Data on employment by occupation and selected agencies is available from the Office of Personnel Management.

53. The actions of these employees are supported by environmental groups. See the discussion offered by Schneider (1992). The fact that they appeal to only one of the affected interest groups is clear evidence of their nonneutrality.

54. This particular case attracted considerable attention, and Congress held hearings on the reassignment of John Mumma (see U.S. House of Representatives 1992).

55. See our discussion of the cost of dismissals to supervisors presented in chap. 5. See also Wilson (1989, 145–46).

56. For discussion of efficiency goals and the growing conflict between the Bureau of Efficiency and federal postal unions, see, e.g., Spero (1927).

57. One problem faced in civil service reform at the senior level, then, is that it must be shown that the costs associated with the problem of bureaucracy exceed the gains of restricting opportunism.

58. This figure was supplied by the Office of Personnel Management. The total amount available for awards is limited to the amount that Congress appropriates for salary increases for mid-level managers. This is generally equivalent to the across-the-board GS increase.

59. The bogey of patronage is not always explicitly introduced, but federal unions can exploit the threat of political coercion to argue that existing protections and personnel rules are in place to guard against such behavior. See, e.g., the claims made by the president of the AFGE regarding the existing civil service system and why its protections would allow for the repeal of the Hatch Act (U.S. Senate 1989, 136, 146–49).