



The Executive Branch and The National Bureaucracy Part I

You will never understand bureaucracies until you understand
that for bureaucrats procedure is everything
and outcomes are nothing.

Thomas Sowell



The Executive Branch and the Development of the National Bureaucracy

- **bureaucracy:** set of complex hierarchical departments, agencies, commissions and their staffs that exist to help the president carry out his duties
- **characteristics of effective bureaucracies**
 - organized based on specialization, expertise and division of labor
 - hierarchical: chain of command
 - paper trail of actions and decisions
 - standard operating procedures
 - hiring and promotion, merit based

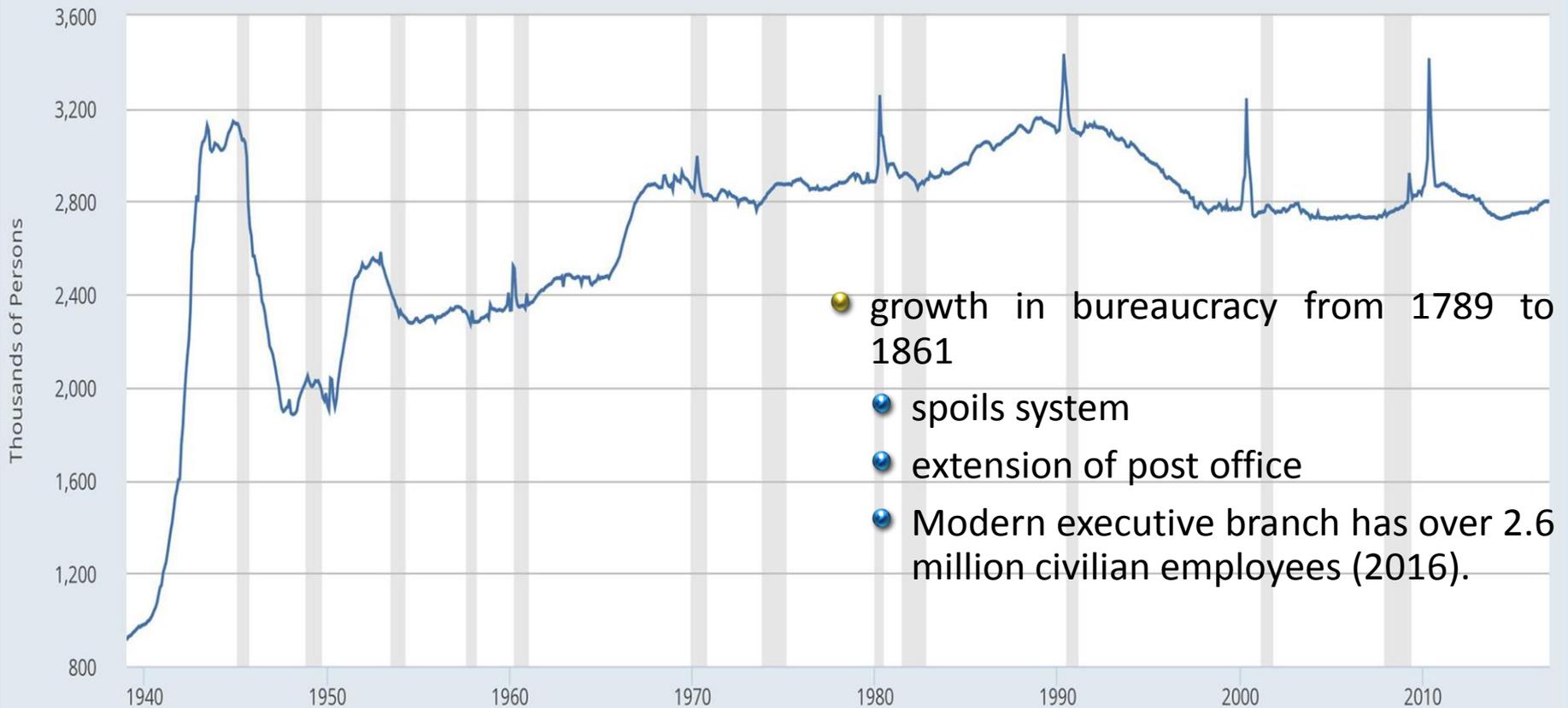




Total Civilian Employees in the US Executive Branch

FRED

— All Employees: Government: Federal



- growth in bureaucracy from 1789 to 1861
- spoils system
- extension of post office
- Modern executive branch has over 2.6 million civilian employees (2016).



The Executive Branch and the Development of the National Bureaucracy

- lack the noble heritage of European bureaucracies
 - In other nations, government departments evolved out of the household of the king or emperor.
 - American Revolution fought against King George's bureaucrats.
- Civil War brought need for new government agencies.
 - Department of Agriculture (1862)
 - Pension Office (1866)
 - patronage: jobs, grants or other special favors given as rewards to friends and political allies for their support



The Executive Branch and the Development of the National Bureaucracy

- spoils system: a system of government employment in which workers are hired on the basis of party loyalty
 - suited the needs of political parties historically
 - used system to enlist campaign workers, supporters and contributions
 - positive: helped immigrants adjust to the realities of urban life in the US



- negative: contributed to the negative image of American bureaucracies, that bureaucrats are wasteful and not credible

Jackson, as Satan, dangles the Spoils of Victory over his supporters.



The Executive Branch and the Development of the National Bureaucracy

- Garfield's presidency besieged by office-seekers (patronage seekers).
 - wished to reform the system
 - mugwumps: group of civil service reformers organized in the 1880s who maintained that government officials should be chosen on a merit basis
 - irony: assassinated by a frustrated job seeker



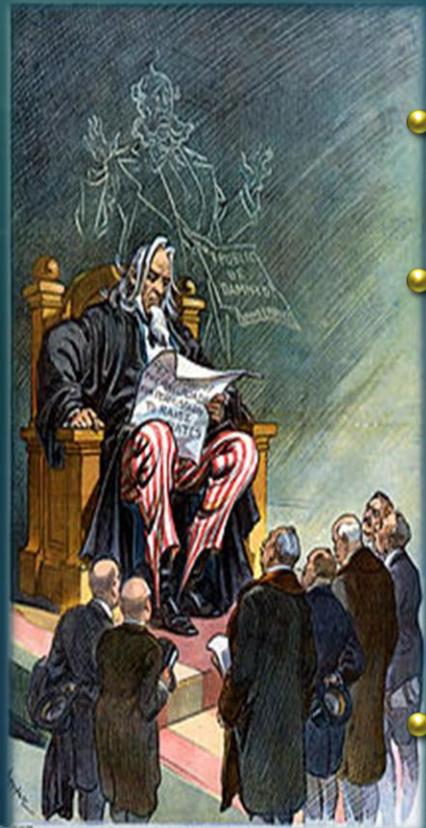


The Executive Branch and the Development of the National Bureaucracy

- Reaction to Garfield's death and increasing criticism of spoils system led to Civil Service Reform Act (Pendleton Act) in 1883.
- Reform measure that created the Civil Service Commission to administer a partial merit system.
- civil service: system in which government employees are chosen according to their educational qualifications, performance on examinations and work experience
- The act classified the federal service by grades to which appointments were made based on the results of a competitive examination.
- Became illegal to require national political appointees to contribute to a particular political party.



Regulating the Economy and the Growth of Government in the 20th Century



- Civil service system operated until 1978 when it was replaced by the merit system.
- Growth of big business, price fixing and other unfair business practices after the Civil War stimulated Congress to create the Interstate Commerce Commission.
- first independent regulatory commission: agency created by Congress that is generally concerned with a specific aspect of the economy
- Theodore Roosevelt: Department of Commerce and Labor

How times have changed! I wouldn't believe it if I didn't see it with my own eyes! Asking permission!! Asking!!! -ghost of a former magnate after creation of ICC



Regulating the Economy and the Growth of Government in the 20th Century

- Woodrow Wilson
 - Divided Commerce and Labor into two separate departments.
 - Encouraged Congress to create the Federal Trade Commission.
- Franklin Roosevelt: hundreds of new government agencies due to the Great Depression and New Deal legislation
 - Prior to Great Depression, most new agencies were service agencies ... Department of Agriculture, Department of Labor.
 - Great Depression saw beginning of growth of regulatory agencies.



Public Works Administration
Project: Bonneville Dam



Regulating the Economy and the Growth of Government in the 20th Century

- Hatch Act (1939): prohibited civil servants from taking activist roles in partisan campaigns ... Could not make political contributions, work for a political party or campaign for a particular candidate.
- Lyndon Johnson: War on Poverty created additional growth in the bureaucracy
- Civil Service Reform Act (1978)
 - abolished the US Civil Service Commission and distributed its functions primarily among three new agencies: the Office of Personnel Management (OPM), the Merit Systems Protection Board (MSPB) and the Federal Labor Relations Authority (FLRA)
 - governs national employer and employee labor relations



Regulating the Economy and the Growth of Government in the 20th Century

- Civil Service Reform Act (1978)
 - specifically declares labor organizations and collective bargaining in the civil service to be *in the public interest*
 - provides national employees with legal rights similar to private-sector workers' Section 7 rights under the NLRA
 - states that employees of the national government have *the right to form, join or assist any labor organization, or to refrain from any such activity, freely and without fear of penalty or reprisal, and each employee shall be protected in the exercise of such right*





Regulating the Economy and the Growth of Government in the 20th Century

- National Performance Review (1993)
 - designed to reinvent government calling for less centralized management, more employee initiatives, fewer detailed rules and more customer satisfaction
- Federal Employees Political Activities Act
 - 1993 liberalization of the Hatch Act
 - Allows national employees to run for office in nonpartisan elections and to contribute money to campaigns in partisan elections.
 - Act updated again in 2012 but only minor changes made.



The Modified Hatch Act (1933)

Some examples of permissible and prohibited activities for national employees under the Hatch Act, as modified by the Federal Employees Political Activities Act of 1993

May be candidates for public office in nonpartisan elections

May assist in voter registration drives

May express opinions about candidates and issues

May contribute money to political organizations

May attend political fund-raising functions

May attend and be active at political rallies and meetings

May join and be active members of a political party or club

May sign nominating petitions

May campaign for or against referendum questions, municipal ordinances, constitutional amendments

May campaign for or against candidates in partisan elections

May make campaign speeches for candidates in partisan elections

May distribute campaign literature in partisan elections

May hold office in political clubs or parties

May not use their official authority or influence to interfere with an election

May not collect political contributions unless both individuals are members of the same national labor organization or employee organization and the one solicited is not a subordinate employee

May not knowingly solicit or discourage the political activity of any person who has business before the agency

May not engage in political activity while on duty

May not engage in political activity in any government office

May not engage in political activity while wearing an official uniform

May not engage in political activity while using a government vehicle

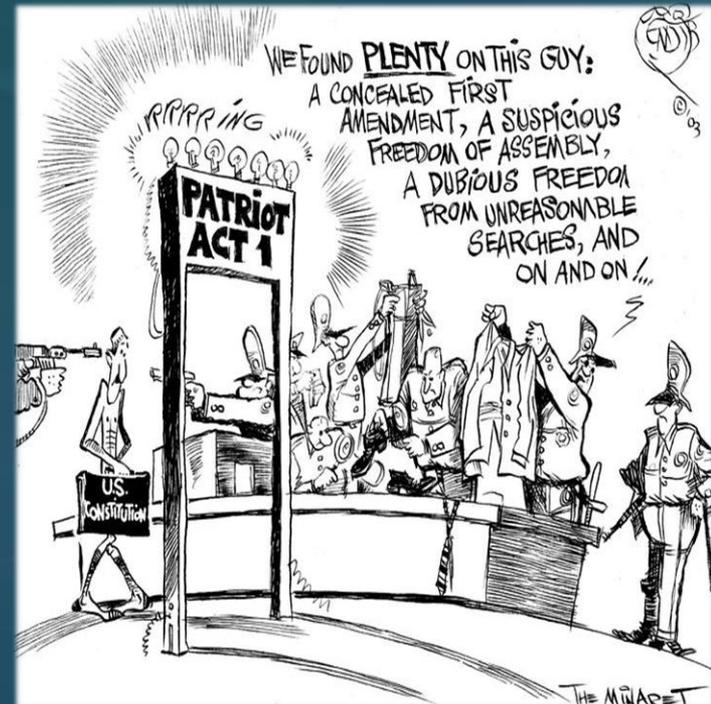
May not solicit political contributions from the general public

May not be candidates for public office in partisan elections



The Return of Big Government after 9/11/01

- George W. Bush came into office committed to reducing the size of the national government.
- However, the attacks of 9/11 spurred Bush to dramatically expand the national government.
 - domestic policies
 - Transportation Security Administration
 - Department of Homeland Security
 - Department of Justice and USA Patriot Act





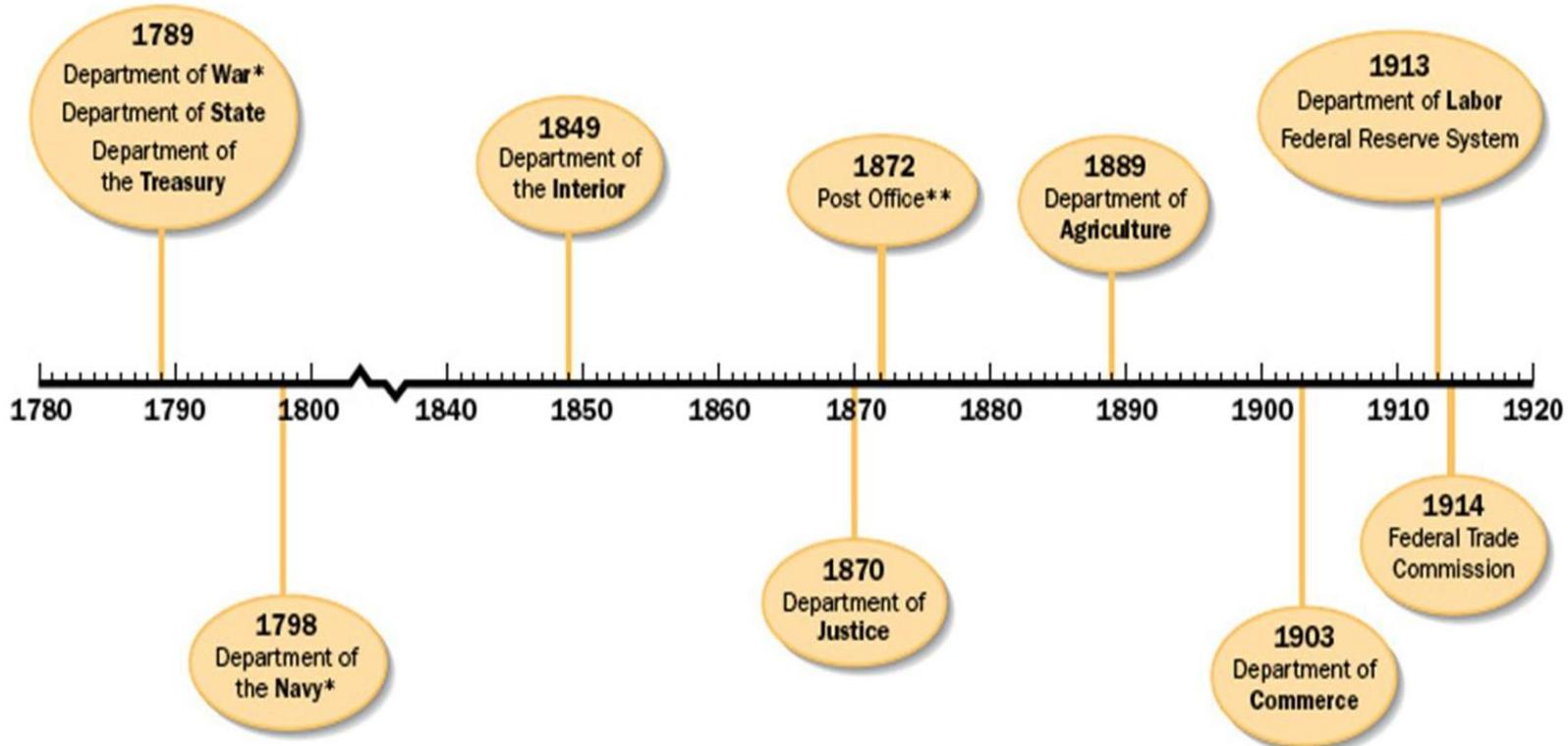
The Return of Big Government after 9/11/01

- foreign policies
 - increase in Department of Defense budget
 - war in Afghanistan and Iraq
 - small military operations against terrorist organizations around the world





Timeline: Creation of Executive Branch Agencies



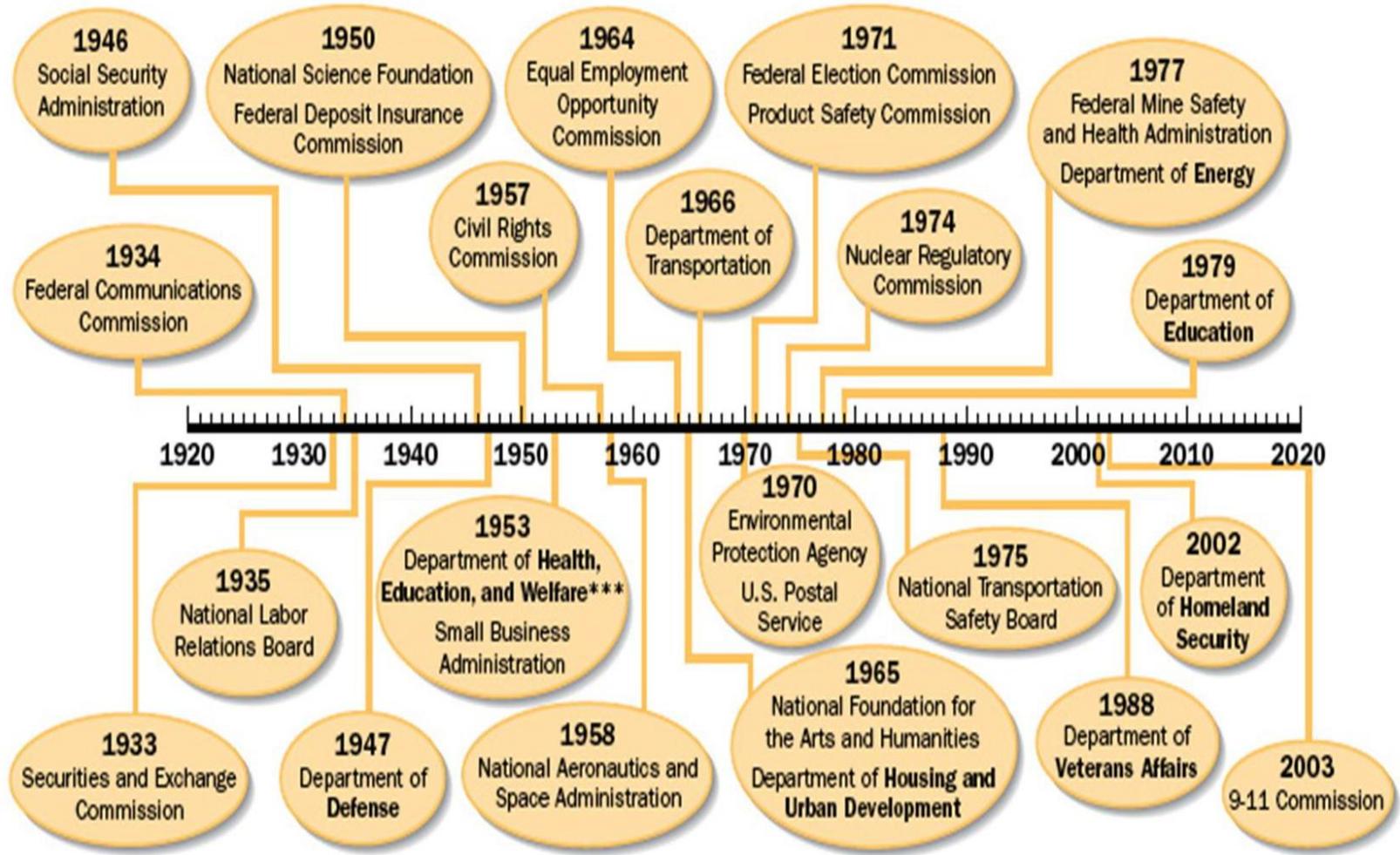
*Became part of newly formed Department of Defense in 1947.

**Transformed into U.S. Postal Service, an independent agency in 1970.

***Later split into Department of Education and Department of Health and Human Services.



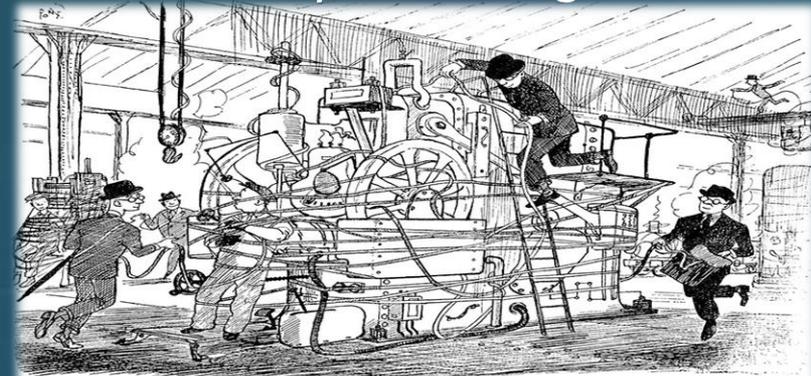
Timeline: Creation of Executive Branch Agencies





The US Bureaucracy: How Exceptional?

- Today's bureaucracy is a product of two events.
 - The depression in the 1930s resulted in Americans' greater dependence on government aid as well as government regulation with the New Deal programs, which sought to alleviate the effects of the depression.
 - WWII saw the implementation of the income tax, increasing the need for a larger bureaucracy. WWII provided opportunities for growth in the bureaucracy since agencies could easily claim that they would help the war effort and it looked bad for politicians to deny something that might help the war effort.



Popular Misconceptions: WWII Bureaucrats at Work



The US Bureaucracy: How Exceptional?

The national bureaucracy in American is different from bureaucracies in other democratic nations.

Structural influences have a great deal to do with these differences.

- hostile political culture

THE GOVERNMENT

- Americans do not trust government and do not think it can accomplish most tasks that are assigned to it.
- Civil Servants have little prestige; many of the most talented workers tend to avoid civil service.

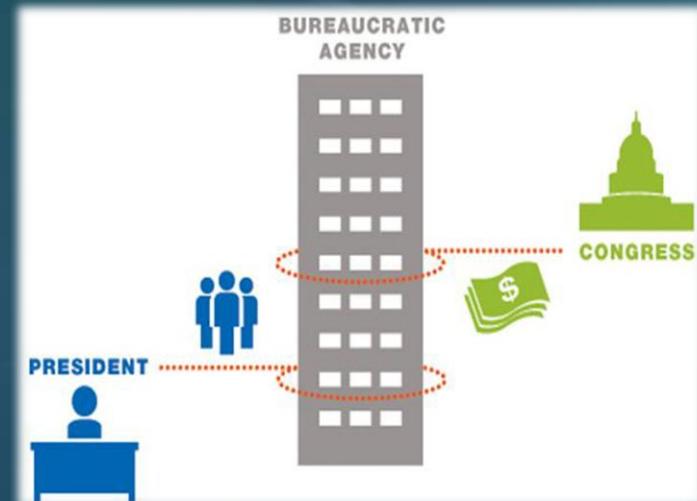




The US Bureaucracy: How Exceptional?

Structural influences have a great deal to do with these differences.

- incoherent organization: The American bureaucracy has few clear lines of control, responsibility and accountability.
- divided control: Bureaucratic agencies have two bosses, the President and Congress, who are constantly battling for control.
- While most bureaucrats are career civil servants, top positions belong to political appointees.
- Government more responsive to elections but it makes civil service jobs less attractive to bright young people.



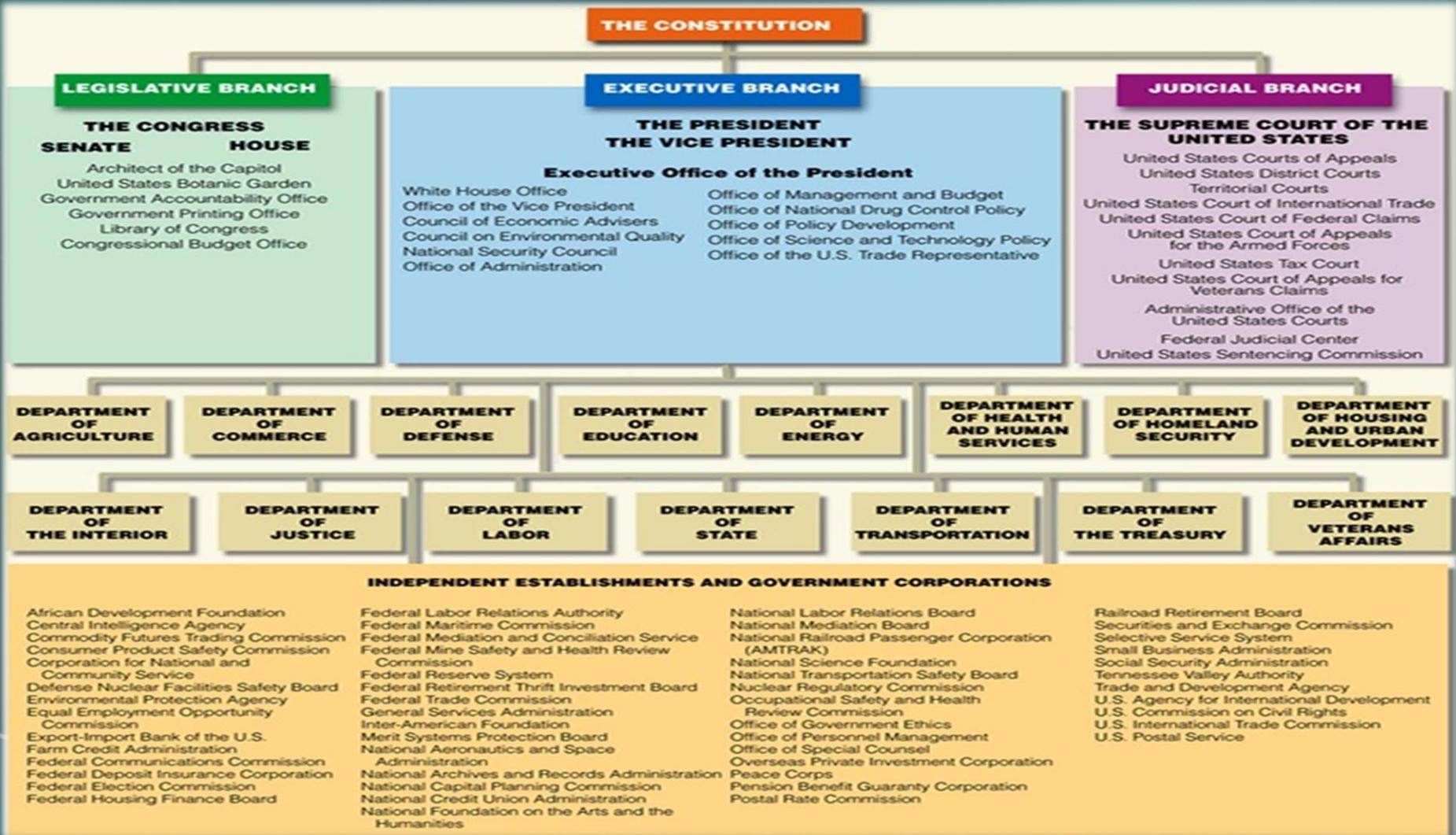


Distinctive Features of the US Bureaucracy

- Political authority over the bureaucracy is not in one set of hands (as in a parliamentary system) but is shared among several institutions, and both the president and the Congress have authority over it.
- Most of the agencies of the national government share their functions with related agencies in state and local government (such as the Department of Education giving money to local school systems).
- The institutions and traditions of American life have contributed to the growth of what some have described as an adversary culture, in which the definition and expansion of personal rights, and the defense of rights and claims through the courts as well as political action, are given central importance.



Organization of the National Bureaucracy





Organization of the Executive Branch



- ...made up of several different kinds of administrative units.
- department: headed by Cabinet-level secretary appointed by the President and approved by the Senate, major administrative unit into which many agencies are grouped and with responsibility for a broad area of government operations, indicates a permanent national interest
 - agency: subdivision within department, basic organizational unit of national government
 - ABCDs under each department: agencies, bureaus, commissions, divisions (also known as offices or bureaus) ... The Federal Bureau of Investigation is part of the Justice Department.



Organization of the Executive Branch



- **independent agency:** Some are only independent in the sense that they are not under an executive department. Others are controlled more by the head of the agency than the president.
- **independent executive agency:** national agency that is *not* included in any of the departments and is not a corporation or regulatory commission, closely resembles a department but has a narrower area of responsibility ... CIA, NASA, EPA
- **government/public corporation:** government agency that is established by Congress to provide a market-oriented public service and to produce revenues that meet or approximate its expenditures, may be established to serve an enduring purpose (Tennessee Valley Authority) or may serve as a vehicle for privatization (US Enrichment Corporation) ... USPS, FDIC



Organization of the Executive Branch

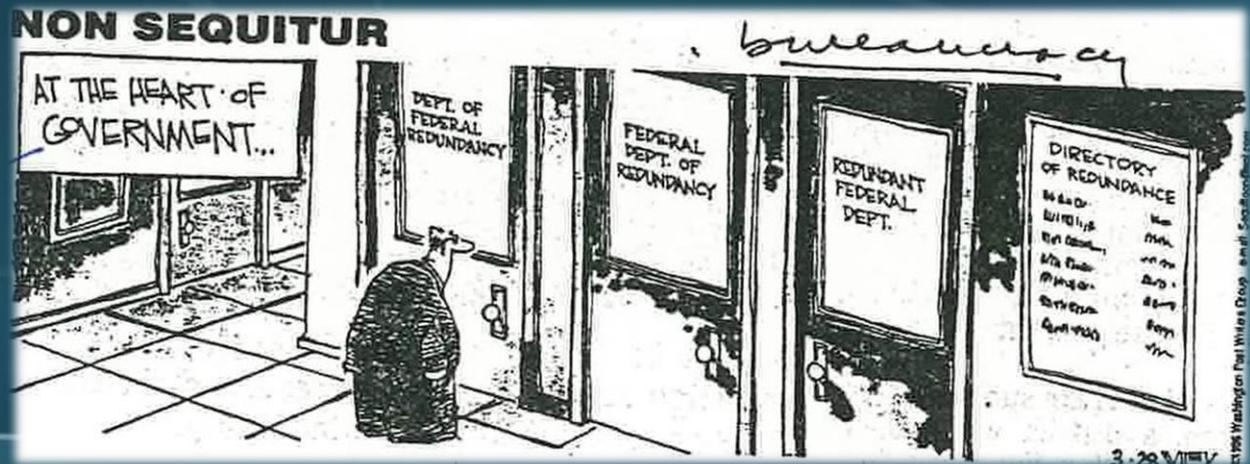
- independent agency
 - independent regulatory agency: created by Congress to exist outside the major departments to regulate a specific economic activity or interest, responsible for regulating aspects of the economy where it is judged that the free market does not work properly to protect the public interest ... Federal Reserve, FCC, FTC
 - Older agencies (Securities and Exchange) don't cross industry lines.
 - Newer agencies (Consumer Product Safety) cross industry lines, are more concerned with public health and safety, are more political, experience more political pressure.





Organization of the Executive Branch

- foundation: unit that is separated from the rest of government to protect it from political interference in science and the arts
- one caution: The name *department* is reserved for entities with Cabinet rank but outside of *department*, there is little standardization of names throughout the agencies. Common titles include agency, administration, commission, corporation and authority.





Organization of the Executive Branch

The President		
15 Departments	60–70 Independent Agencies	30–40 Government Corporations
Directed by cabinet secretaries, appointed by president, confirmed by Senate	Directed by administrators, boards, or commissions appointed by president, confirmed by Senate	Directed by boards or commissions, usually appointed by president, confirmed by Senate
EXAMPLE Department of Agriculture	EXAMPLE National Transportation Safety Board	EXAMPLE Overseas Private Investment Corp. (OPIC)
PURPOSE Oversees agricultural programs	PURPOSE Investigates accidents in aviation and other modes of transportation	PURPOSE Provides loans and risk insurance to U.S. companies investing abroad
OFFICIAL HIERARCHY Secretary (1) Deputy secretary (1) Undersecretary (7) Deputy undersecretary (9) Assistant secretary (3) Deputy assistant secretary (3) Lower-level and civil service officials (99,984)	OFFICIAL HIERARCHY Board chairman (1) Board members (4) Top Managers* (5) Office directors (10) Lower-level and civil service officials (386)	OFFICIAL HIERARCHY President and chief executive officer (1) Board of directors (14) Staff (202)
BUDGET \$95 billion	BUDGET \$76 billion	BUDGET \$183 billion**

*Top managers include an executive director, managing director, chief financial officer, chief administrative law judge, and general counsel.

**As a government corporation, OPIC is self-funded rather than government-funded.



Organization of the Executive Branch: The Cabinet Departments

- In addition to administering their respective segments of the executive branch, cabinet members are responsible for advising the president on areas within their purview.
- They are appointed by and serve at the pleasure of the president and are therefore strongly subordinate to the president as they can be replaced at any time. Normally, since they are appointed by the president, they are members of the same political party, but the president is free to select anyone, subject to the advice and consent of the Senate.
- **inner cabinet:** four original departments (State, Defense, Treasury and Justice) whose secretaries typically have the closest ties to the president
- **outer cabinet:** remaining departments, major function to provide interest-group access to the executive branch

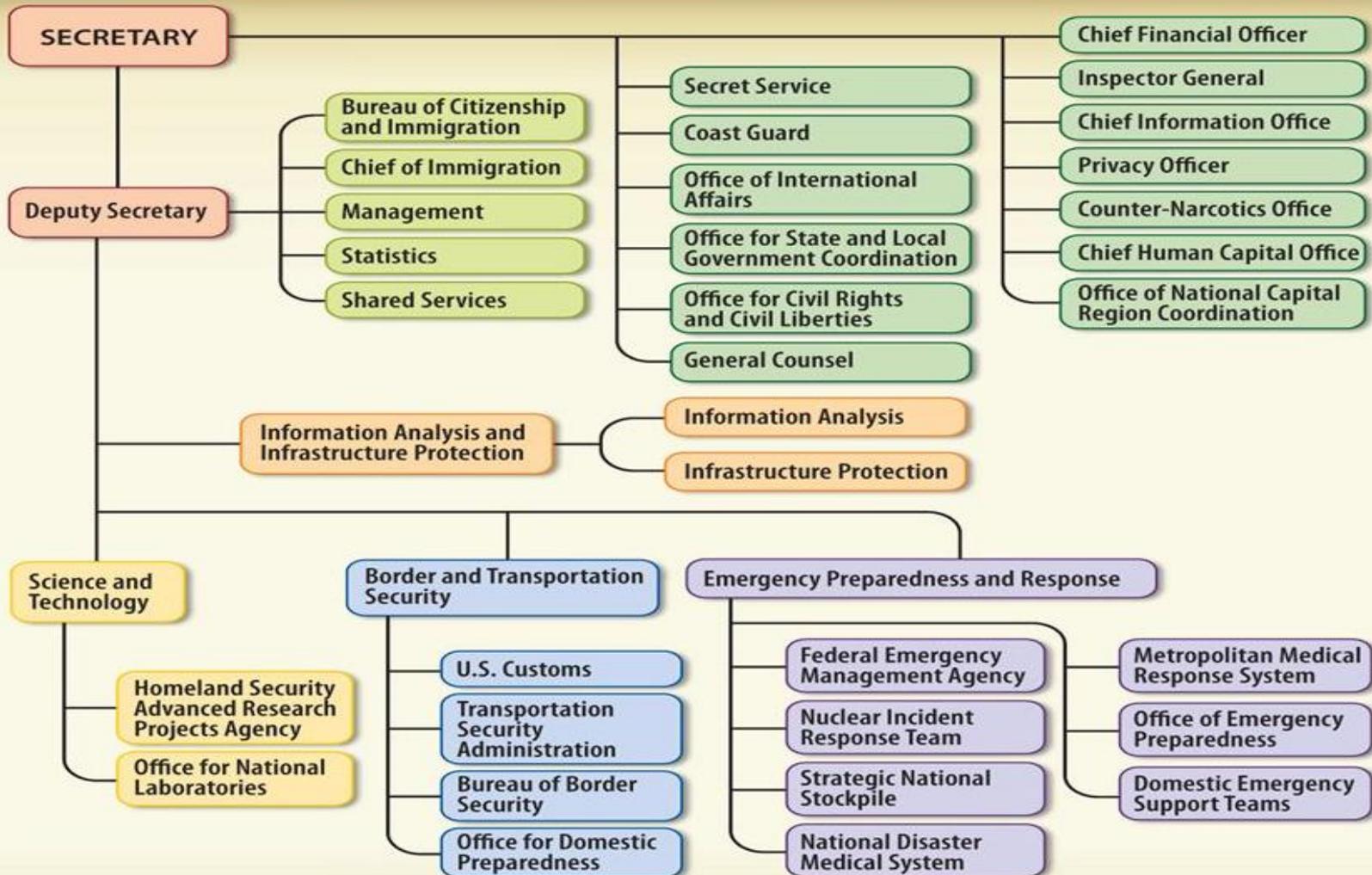


Organization of the Executive Branch: The Cabinet Departments





Organization of the Executive Branch: Department of Homeland Security



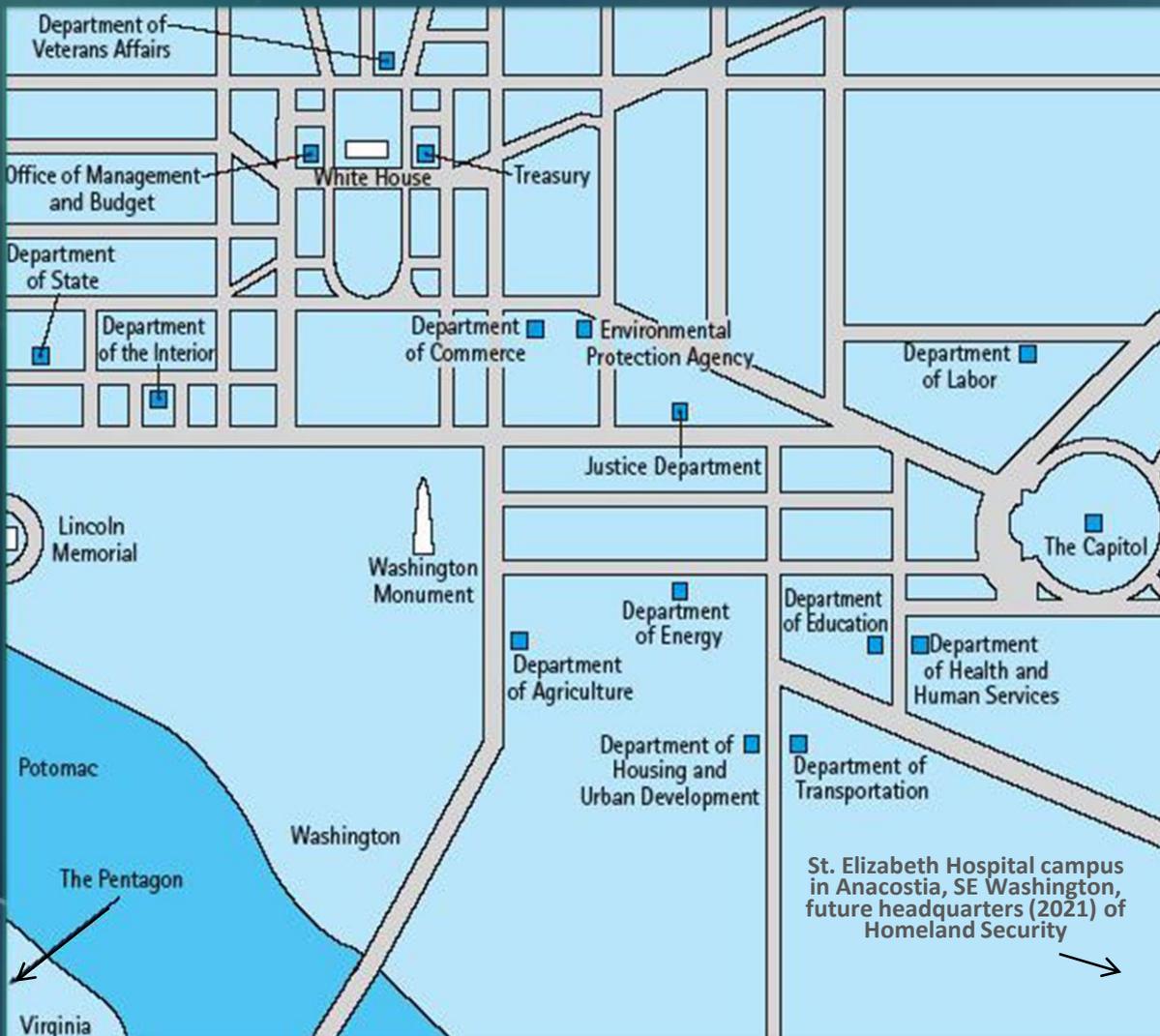


Cabinet Departments and their Interest Group Allies

Department	Year	Interest-Group Allies
Inner Cabinet		
State	1789	
Treasury	1789	
Justice (attorney general)	1789	
Defense	1789 (as War)	
Outer Cabinet		
Interior	1849	Timber, miners, ranchers
Agriculture	1889	Farm bureau, other farm groups
Commerce	1913	U.S. Chamber of Commerce, other business
Labor	1913	Labor unions
Health and Human Services	1953	American Association of Retired Persons
Housing and Urban Development	1965	National League of Cities, Urban League
Transportation	1966	Auto manufacturers, truckers, airlines
Energy	1977	Gas, oil, nuclear power interests
Education	1979	Teachers' unions
Veterans Affairs	1987	American Legion, Veterans of Foreign Wars
Department of Homeland Security	2003	Airlines, state and local governments
Environmental Protection Agency	Not an official department	Sierra Club, other environmental groups



Where are the key departments in Washington located?



Treasury is located next door to the White House. The walks from State, Justice, Interior, Veterans Affairs and Commerce to the White House are shorter than to Capitol Hill. Defense, a world unto itself, is headquartered in the Pentagon in nearby Virginia. Homeland Security will be in SE Washington circa 2021. Transportation, Education, Energy, HHS, Agriculture, Labor, and HUD are located at the foot of Capitol Hill. The Office of Management and Budget stands at the President's side.



Organization of the Executive Branch: Office of Management and Budget

- ...originally the Bureau of the Budget
- ...agency responsible for
 - development of the president's budget
 - setting personnel policy
 - reviewing every piece of proposed legislation that the executive branch submits
- ...most important unit within the Executive Office of the President in terms of holding the bureaucracy accountable
 - In the past, considered a professional group of technicians.
 - Today the OMB is more political. Utilized effectively by presidents to control other agencies.
- The Congressional Budget Office acts as a check on the OMB's power.





Organization of the Executive Branch: Independent Regulatory Agencies

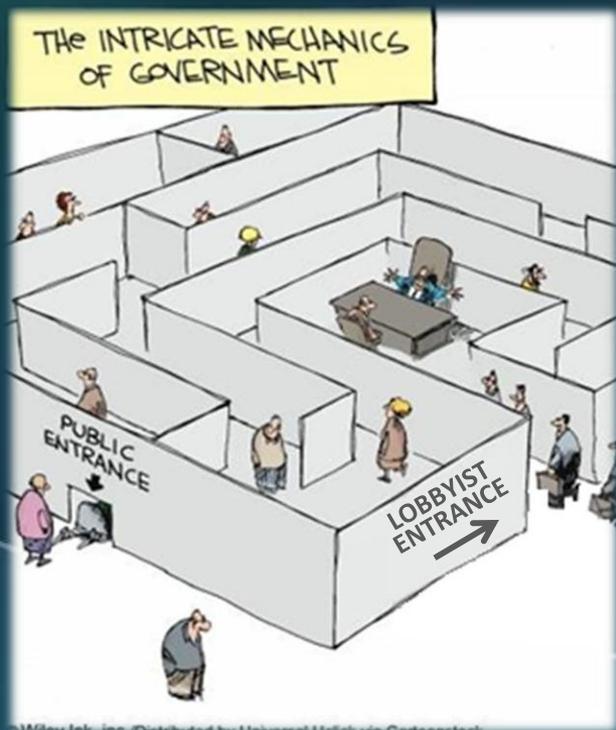
- ...those agencies that have quasi-judicial regulatory responsibilities
- ...generally headed by a multiple-member board or commission appointed by the president and confirmed by the Senate
- Most were established by Congress in response to public pressure to protect workers or consumers from negligent or abusive business practices.





Organization of the Executive Branch: Independent Regulatory Agencies

- Most aggressively pursue their reform mandates.
- When the public's demand for reform fades, who's left? Interest groups.
- Many find their most interested constituents are members of the very community they are expected to regulate.





Organization of the Executive Branch: Independent Agencies

- Central Intelligence Agency
- Commodity Futures Trading Commission
- Consumer Product Safety Commission
- Defense Nuclear Facilities Safety Board
- Environmental Protection Agency (EPA)
- Export-Import Bank of the United States
- Federal Communications Commission
- Federal Deposit Insurance Corporation
- Federal Election Commission
- Federal Emergency Management Agency
- Federal Reserve Board
- Federal Trade Commission
- General Services Administration
- Institute of Museum Services
- Merit Systems Protection Board
- Nat'l Aeronautics & Space Admin (NASA)
- National Archives & Records Admin.
- National Credit Union Admin. (NCUA)
- National Endowment for the Arts
- National Science Foundation (NSF)
- National Security Agency (NSA)
- National Technology Transfer Center
- Nuclear Regulatory Commission (NRC)
- Office of the Special Counsel (OSC)
- Peace Corps
- Pension Benefit Guaranty Corporation
- Railroad Retirement Board
- Securities & Exchange Commission (SEC)
- Selective Service System
- Small Business Administration (SBA)
- Smithsonian Institute
- Social Security Administration
- US Agency for Internat'l Develop. (USAID)
- US Postal Service



Independent Agencies and their Interest Group Allies

Independent Agency	Board Size	Length of Term (years)	Interest-Group Allies
National Credit Union Administration	3	6	Credit unions
Federal Reserve Board	7	14	Banks
Consumer Product Safety Commission	5	5	Consumers Union
Equal Employment Opportunity Commission	5	5	Civil rights groups
Federal Deposit Insurance Corporation	5	3 ^a	Banks
Federal Energy Regulatory Commission	4	4	Oil/gas interests
Federal Maritime Commission	5	5	Fisheries
Federal Trade Commission	5	7	Business groups
National Labor Relations Board	5	5	Unions
Securities and Exchange Commission	5	5	Wall Street
Tennessee Valley Authority	3	9	Regional farmers and utilities

^a One member, the comptroller of the currency, serves a 5-year term.



continued in The Executive Branch and The National Bureaucracy Part II

