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ELEMENTS

OF

Public Administration

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TO

OUR STUDENTS

PERPETUAL PROMPTERS OF THOUGHT

Preface

THIS book is a testimonial to its publisher's persistence. Idle minds have always liked to toy with ideas for books that "ought to be written." However alluring any such plan, its author is apt to consider it highly unfair to be burdened with its execution. The editor could have done wonders with his lawn had he managed to cling to the role of the gratuitous book-planner. For better or for worse, the publisher prodded him into a more exacting job.

This book is also a demonstration of teamwork. The fourteen men who came together to form the team discovered that they thought very much alike about the field of interest they had in common When they joined forces, all of them were engaged in the practical business of public administration; all of them were under the influence of fresh experience; and all of them were stimulated by new insights that open up to those placed strategically within the administrative structure.

These exceptional circumstances held forth the promise of a unified and systematic treatment of the subject rather than a symposium made up of unconnected essays. In the exchange of views among the members of the team, the preliminary plan grew into an integrated enterprise to which each member contributed his carefully defined share. Throughout the writing of the book, its character as a combined operation was sustained by the team spirit of each participant.

The principal aim of the book is to deepen the reader's understanding of the administrative process as an integral phase of contemporary civilization. In a sense, therefore, this is a broadly political rather than merely technical study Its focus is on the fundamental problems of public administration—the problems that assert themselves at countless points within the framework of governmental effort. The analysis here presented attempts to explore both the range of controlling institutional factors and the variables of administrative behavior.

The aim of the book compelled an approach appropriate to it. A glance at the table of contents will show that the customary division of the subject matter has been modified in several important respects. There is also a deliberate recurrence of basic themes, each being developed in progressive specificity as the discussion moves forward. One of these basic themes inevitably runs through the entire volume—that of the im-

plications of democratic governance for public management in all of its ramifications.

Many good friends have been generous enough to support the team at various junctures with sound counsel and welcome assistance. To name them all would make a long list. The editor is particularly grateful for the unfailing help rendered him by his secretary, Raye R. Schweiger. Mary Friedrich and Betty I. Bleichner of the reference staff of the Library of the United States Bureau of the Budget have given liberally of their bibliographical knowledge. The distinguished record officer of the same agency, Helen L. Chatfield, as an act of supererogation turned herself into a painstaking proofreader. All these expressions of sympathetic interest are sincerely appreciated.

FRITZ MORSTEIN MARX

Washington, D. C.

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Introducing the Team

James W. Fesler, a former research fellow of the Brookings Institution and the Rockefeller Foundation, is professor of political science at the University of North Carolina. In the federal government he has served on the staffs of the National Resources Committee, the President's Committee on Administrative Management, the Office of Production Management, the War Production Board, and the Civilian Production Administration. From 1941 to 1943 he was special assistant to the executive secretary of OPM and WPB, from 1943 to 1946 he headed the Policy Analysis and Records Branch of WPB and later of CPA, combining with his duties during the last two years those of the War Production Board's historian. His main writings are *Executive Management and the Federal Field Service* (1937), one of the special studies sponsored by the President's Committee on Administrative Management, and *The Independence of State Regulatory Agencies* (1942).

George A. Graham, professor of politics at Princeton University, has also taught at the University of Illinois and at Monmouth College. He has been associated with the Detroit Bureau of Governmental Research and the Princeton Local Government Survey. In 1942 he joined the Administrative Management Division of the Bureau of the Budget, Executive Office of the President. In 1943 he was made chief of the War Supply Section, and subsequently also served as head of the War Records Section. In 1945 he was placed in charge of the Government Organization Branch. His publications include *Special Assessments in Detroit* (1931), *Personnel Practices in Business and Governmental Organization* (1935), one of the monographs of the Commission of Inquiry on Public Service Personnel, *Education for Public Administration* (1941); and *Regulatory Administration* (1943), of which he was co-editor.

V. O. Key, Jr., professor of political science at Johns Hopkins University, has been a staff member of the National Resources Planning Board and a consultant to the Social Security Board. In the immediate prewar period he also served as a member of the Baltimore Commission on Governmental Efficiency and Economy. During World War II he was associated with the Administrative Management Division of the Bureau of the Budget, Executive Office of the President. He is the author of *The Administration of Federal Grants to States* (1937) and *Politics, Parties, and Pressure Groups* (1942), and co-author of *The Initiative and the Referendum in California* (1939). One of his more recent contributions to the periodicals of politics and public administration is "The Reconversion Phase of Demobilization," *American Political Science Review*, December, 1944.

Avery Leiserson, of the political science faculty at the University of Chicago, has been a staff member of the Labor Advisory Board of the National Industrial Recovery Administration in the early New Deal period, and later a field examiner for the National Labor Relations Board. Subsequently he served as conference director of the School of Public and International Affairs at Princeton

University, and as panel secretary to the National Defense Mediation Board. During World War II he was associated with the Administrative Management and Estimates divisions of the Bureau of the Budget, Executive Office of the President. His chief work is *Administrative Regulation* (1942), a study of the methods by which interest groups participate in the administrative process.

Milton M Mandell is at present in charge of testing for administrative and managerial positions, a significant phase of the program of the United States Civil Service Commission. He was formerly lecturer in personnel administration at New York University and the College of the City of New York. He has been a staff member of the municipal civil service commission in Los Angeles and the Tennessee Valley Authority, classification consultant to the State of Connecticut; personnel officer of the Materials Division of the War Production Board; and chief analyst with the President's Committee for Congested Production Areas. He is the co-author of *Education and the Civil Service in New York City* (1938), product of a study of public personnel administration which he supervised under auspices of New York University, and author of other contributions to public personnel administration.

Harvey C. Mansfield currently serves as the historian of the Office of Price Administration. He was formerly assistant professor of government at Yale University, and has also taught at Stanford University. He was a member of the staff of the President's Committee on Administrative Management. In 1942 he joined OPA as a principal administrative officer, and subsequently became associate price executive and price executive of the Consumer Durable Goods Branch. In 1945 he was appointed assistant director of the Consumer Goods Division of OPA. His principal publications are *The Lake Cargo Coal Rate Controversy* (1932), *The General Accounting Office* (1937), one of the special studies sponsored by the President's Committee on Administrative Management, and *The Comptroller General* (1939).

John D Millett, associate professor of public administration at Columbia University, has also taught at Rutgers University. He has been a staff member of the President's Committee on Administrative Management, assistant secretary to the Committee on Public Administration of the Social Science Research Council, and special assistant to the Director of the National Resources Planning Board. In World War II he was commissioned a major in the United States Army, assigned to the Control Division headquarters of the Army Service Forces; he left the Army as a colonel. He is the author of *The Works Progress Administration in New York City* (1938) and *The British Unemployment Assistance Board* (1939), co-author of *Federal Administration* (1939) and *The Administration of Federal Work Relief* (1941). One of his latest contributions to professional journals is a study of the direction of supply activities in the War Department, published in the *American Political Science Review*, April and June, 1944.

Fritz Morstein Marx, a research fellow of the Rockefeller Foundation in 1930-1931, has taught at the Pennsylvania School of Social Work, Princeton University, New York University, Harvard University, Columbia University, Queens College, Yale University, and American University. Prior to his enlistment in the Army in 1942, he served as consultant to various local, state, and federal agencies. He has been engaged in research work for the Commission of Inquiry on Public Service Personnel, and was the first chairman of the Special Committee on Comparative Administration, sponsored by the Committee on

Public Administration of the Social Science Research Council. Since his return from the Army, he has worked in the Bureau of the Budget, Executive Office of the President, where he is currently employed as staff assistant in the Office of the Director. His writings include a study of judicial review under the Weimar Constitution (1927), *Government in the Third Reich* (rev. ed., 1937); and a series of papers on comparative administrative law. He is the editor of *Public Management in the New Democracy* (1940).

Don K. Price, a Rhodes scholar in 1932, is associate director of the Public Administration Clearing House and lecturer in political science at the University of Chicago. He has served as a staff member of the Federal Home Loan Bank Board and the Central Housing Committee. More recently he has been attached to the Administrative Management Division of the Bureau of the Budget, Executive Office of the President. During World War II he was a lieutenant in the United States Coast Guard Reserve, assigned to headquarters in Washington. He is co-author of *City Manager Government in the United States* (1939), a study undertaken for the Committee on Public Administration of the Social Science Research Council. He was the first managing editor of *Public Administration Review,* to which he contributed a spirited exchange with Professor Harold J. Laski on the respective merits of presidential and cabinet government.

Henry Reining, Jr., assistant to the executive director of the Port of New York Authority, previously was management consultant with Rogers & Slade in New York City, where he specialized in programs for the selection of prospective executives. Before 1945 he served for ten years as the first educational director of the National Institute of Public Affairs in Washington, D. C., which has been singularly successful in sponsoring governmental internship programs for college graduates of high promise, and more recently for able federal employees on an in service basis, the latter program is now being conducted by the United States Civil Service Commission. Before assuming this position, he was a faculty member of Princeton University and research associate of the Princeton Local Government Survey. He has also taught at George Washington University, American University, and the University of Southern California, an institution that has pioneered in the field of government-employee training. He has been consultant to several federal agencies, and also to the National Department of Administration of the Public Service *(DASP)* in Brazil. He is the co-editor of *Regulatory Administration* (1943) and author of a number of articles in academic reviews.

Wallace S. Sayre, personnel director of the Office of Price Administration, has recently been appointed professor of administration at the School of Business and Public Administration of Cornell University. He was formerly a member of the political science faculty of New York University. In 1937 he was appointed secretary of the municipal civil service commission in New York City, and a year later became a member of the commission. Early in 1942 he entered the service of the Office of Price Administration as principal consultant to the Personnel Branch. Soon afterwards he was made assistant director of the Fuel Rationing Division; he assumed direction of OPA's personnel functions in 1944. He is a consulting editor of the New York Legislative Service, and was a member of the group that drafted the Model Civil Service Law. His writings have been devoted to various aspects of American government and politics, including political biography and the role of the public service. He is co-author of *Charter Revision for the City of New York* (1934) and *Education and the Civil Service in New York City* (1938).

Donald C. Stone is assistant director in charge of administrative management in the Bureau of the Budget, Executive Office of the President—a position he has occupied since 1939. He has played a prominent role in the field of governmental research, serving successively as a staff member of the Cincinnati Bureau of Governmental Research; assistant director for the Committee on Uniform Crime Records of the International Association of Chiefs of Police, staff member of the Institute of Public Administration in New York City; director of research of the International City Managers Association, and executive director of the Public Administration Service in Chicago. During these years he has also worked as a consultant to many federal agencies, including the Tennessee Valley Authority and the Social Security Board. As an officer of the Federal Government, he has attended numerous international conferences, both as a member of the United States delegation and in an advisory capacity. Formerly associated with the University of Chicago and Syracuse University, he is now adjunct professor of public administration at American University. He is the author of *The Management of Municipal Public Works* (1939) and other studies, most of which have appeared in professional periodicals.

John A. Vieg, professor of government and chairman of his department at Pomona College, has taught at various institutions, including Iowa State College. He was research associate at the University of Chicago from 1934 to 1937. In 1943 he became a staff member of the Administrative Management Division of the Bureau of the Budget, Executive Office of the President, where he dealt principally with matters of international administration. While on the faculty of Iowa State College, he also served as vice chairman of the city plan commission of Ames, and as vice chairman of the Story County Civilian Defense Council. He has written *The Government of Education in Metropolitan Chicago* (1939), and is co-author of *City Manager Government in Seven Cities* (1940), *The Future of Government in America* (1942), and *Wartime Government in Operation* (1943).

Dwight Waldo, formerly of Yale University, is a member of the political science department at the University of California in Berkeley. In 1942 he became a staff member of the Office of Price Administration, serving successively as an administrative assistant, assistant economist, and price analyst. In 1945 he transferred to the Administrative Management Division of the Bureau of the Budget, Executive Office of the President, where he devoted his time principally to organizational studies. His published writings, thus far confined to the learned reviews, have dealt with such seemingly disparate matters as social thought and public-service recruitment. His first book, an analysis of the theory of American public administration, is scheduled for early release.

Contents

CHAPTER PAGE

PREFACE vii

INTRODUCING THE TEAM ix

PART I

The Role of Public Administration

1. THE GROWTH OF PUBLIC ADMINISTRATION, *John A. Vieg* 3

1. Administration—Public and Private 3

Administration as Part of All Planned Effort, *3*; Unity of Scientific Knowledge of Administration, *4*; Scope of Public Administration, *5*; Elements of Public Administration, *6*; Administration as Servant of Policy, *7*.

2. The American Background 9

Heritage from Britain, 9; Influence of the Frontier, *11*; Hamiltonian and Jeffersonian Traditions, *12*; Public Administration and the National Economy, *13*; Assertion of the Public Interest, *14*.

3. The Expansion of Governmental Functions 14

American Pragmatism, *14*; Limits to Government Nonintervention, *15*; Establishment of Clientele Departments, *16*; Rise of Governmental Corporations, *17*; Growth of Administrative Activities, *18*.

4. Increasing Competence for Increasing Responsibilities 20

Professional Versus Amateur, *20*; Patronage and Economy, *22*; Advances in Structure and Procedure, *23*; Impact of Emergencies, *25*; Tasks of Administration in Mid-Century, *25*.

2. THE STUDY OF PUBLIC ADMINISTRATION, *Avery Leiserson* 27

1. The Work of the Pioneers 27

Beginnings of Administrative Research, *27*; Waves of Governmental Reform, *28*; Organized Dissemination of Knowledge, *28*; Role of Progressivism, *29*; Contribution of the Universities, *30*.

2. The Advancement of Knowledge 31

Relativity of Efficiency, *31*; Use of Outside Experts, *32*; Challenge to Traditional Approach, *33*; Rise of Administrative Self-Analysis, *34*; Reaffirmation of the Political Context, *36*.

CHAPTER PAGE

3. TRAINING FOR PUBLIC ADMINISTRATION 37

Educational Aspects, *37*; Contrast with Great Britain, *39*; Post-Entry Training, *40*; Group Structure of the Public Service, *41*; Higher Career Opportunities, *41*.

4. THE FRONTIERS OF RESEARCH 42

Function Versus Structure, *42*; Man in Organization, *43*; Theory of Relationships, *44*, Progressive Management, *46*; Horizons of Administrative Research, *47*.

5. ADMINISTRATION—ART OR SCIENCE? 48

Aims of Scientific Approach, *48*; Concerns of the Technician, *49*; Science and Social Dynamics, *49*, Evaluated Experimentation, *49*; Alliance of Theory and Practice, *50*.

3. BUREAUCRACY—FACT AND FICTION, *John A. Vieg* 51

1. SEMANTICS AND REALITIES 51

The Language of Contempt, *51*, Officiousness and Frailty, *52*; Administrative Self-Promotion, *52*, Procedural Rigmarole, *54*, Subjectivity and Objectivity, *55*.

2. THE SOURCES OF RED TAPE 55

Red Tape and Green Tape, *56*, Requirements of Efficiency, *56*, Predictability of Performance, *57*, Government of Laws, *57*; Accountability to the Public, *57*.

3. THE CHARGE OF DESPOTISM 58

Effects of the Industrial Age, *58*, Charge of Usurpation, *59*, Legislative Delegation, *60*; Flexibility of Statutory Standards, *61*; Quasi-Judicial Agencies, *61*.

4. THE BATTLE AGAINST REGIMENTATION 63

Experience Abroad, *63*, Parliamentary Review of Delegated Legislation, *64*; Ignoble Partisanship, *65*, Matrix of a Mixed Economy, *65*, Experimental Accommodation, *66*.

5. THE NEED FOR UNDERSTANDING 66

Psychology of Public Employment, *67* Veil of Official Anonymity, *68*, Teams and Cogs, *69*; Ethics of Political Counsel, *70*, Fact Over Fiction, *70*.

4. DEMOCRATIC ADMINISTRATION, *Don K. Price* 72

1. LEGISLATIVE-EXECUTIVE RELATIONSHIPS 72

Prophets of Ill, *72*, Dangers of Oversimplification, *74*, Control by Delegation, *75*, Democracy and Legislative Supremacy, *76*, Legislators Versus Legislatures, *77*.

2. THE PUBLIC AS STAR CUSTOMER 78

Methods of Opinion Analysis, *78*, Advisory Committees, *79*; Day-by-Day Administrative Relationships, *79*, Reporting to the Public, *80*, Commissions of Inquiry, *80*.

3. PUBLIC PARTICIPATION 81

Cooperative Government, *81*, Combined Operations Among Levels of Government, *82*; Benefits of Intergovernmental Collaboration, *84*; Inclusion of Business and Labor, *85*; Group Initiative Under National Standards, *86*.

CHAPTER PAGE

4. Representing the Public Interest 87

Interdependence of Public and Private Interests, *87*, Threefold Collaboration in Policy-Making, *88*, Informality of Policy Making Process, *89*, Experimental Approach, *90*, General Interest Over Special Interest, *90*.

5. Departmental Democracy 91

Individual Freedom Versus Institutional Restraint, *91*, Sense of General Purpose, *93*, Vice of Departmentalism, *94*, Inroads of Perfectionism, *95*, Democratic Self-Education, *96*.

5. THE SOCIAL FUNCTION OF PUBLIC ADMINISTRATION, *Fritz Morstein Marx* 98

1. The "American System" and the Service State 98

Wartime Record, *98*, Peacetime Relevance of Wartime Achievement, *98*, Long-Range Trend Toward the Service State, *99*, Assurance Versus Fear, *100*, Test of the Service State, *100*.

2. The Needs of the Service State 101

Making Democracy Succeed, *101*, Continuity of Progress, *102*, Surviving Contradictions, *103* Requirements of Public Management, *104*, Requirements of Policy Planning, *105*.

3. Public Administration—Instrument of Government 106

Prominence of Public Administration, *106* Demands on Legislative Leadership, *106*, Role of the Judicial Power, *107*, Resources of Administration, *108*, Administration as a Fitting Process, *108*.

4. The Enlistment of Administrative Judgment 108

Legislative Marching Orders, *108*, Political Feasibility of Policy, *109*, Administrative Feasibility of Policy, *110* Blending of Judgments, *110*, Administrative Freedom of Expression, *111*.

5. The Contribution of Service 111

Popular Basis of Administrative Services, *111*, Habit of Self-Restraint, *112;* Governmental Reinforcement of the Enterprise Economy, *113*, Benefits of Regulation, *113* Popular Accountability of Administration, *114*.

6. Public Administration—Social Buffer 114

Fountains of Administrative Knowledge, *114* Government's Intelligence Function, *114* Public Research and Analysis, *115* Getting at the Facts, *116;* Concern for the Underdog, *116*.

PART II

Organization and Management

6. PLANNING AND ADMINISTRATION, *John D. Millett* 121

1. The Importance of Planning 121

Essence of Planning, *121*, Contribution of Administrative Planning, *123;* Planning and Legislation, *124*, Planning and Administration, *124*, Interrelation of Planning Activities, *124*.

CHAPTER PAGE

2. THE MACHINERY FOR PLANNING 126

Federal Improvisation, *126*, Natural Resources Planning Board, *127*; Office of War Mobilization and Reconversion, *128*, New York City Planning Commission, *128*, Departmental Planning Units, *130*.

3. PLANNING VERSUS OPERATIONS 130

Opportunities for Conflict, *130*; Task of Progressive Management, *131*; Planners as Administrators, *131*, Practical Test of Planning, *132*, Planning Through Action Agencies, *133*.

4. THE REQUIREMENTS OF PLANNING 133

Long-Range Versus Short-Range Planning, *133*, Planning Personnel, *134*, Planning Techniques, *136*, Public Relations of Planning, *138*, Summary, *138*.

7. WORKING CONCEPTS OF ORGANIZATION, *John D. Millett*.. 140

1. THE ARCHITECTURE OF ORGANIZATION 140

Terminology, *140*, Bases of Organization, *141*, Choice of Basis, *142*, Dynamics and Rigidities, *143*, Political Factors in Organization, *144*.

2. LINE AND STAFF 145

Meaning of Line, *145*, Meaning of Staff, *146*, Staff Activities Inherent in Administration, *147*, Central Service Activities, *147*, Functional and Operating Staff, *147*.

3. QUEST OF ORGANIZATIONAL UNITY 148

Hierarchy and Span of Control, *148*, Decentralization, *149*, Unity of Command, *150*, Coordination, *152*, Integration, *152*.

4. GUIDING RULES OF ORGANIZATIONAL DESIGN 153

Need for Standards of Organization, *153*, Insuring Sound Organization, *154*; Summary, *156*.

8. THE CHIEF EXECUTIVE, *John A. Vieg*..... 158

1. DUAL FUNCTION: POLICY AND ADMINISTRATION 158

Means and Ends, *158*, Separation of Political Leadership and Administration, *159*, Combination of Political Leadership and Administration, *161*

2. LEADERSHIP AND AUTHORITY 162

Cloak of Legal Power, *162*; Personal Qualifications, *162*, Mark of Leadership, *164*, Political and Administrative Talent, *165*, American Presidents, *166*, Creative Policy Versus Sound Administration, *167*, Business Leaders, *168*, Governors and Mayors, *168*.

3. EXTERNAL RELATIONSHIPS 169

Relations with the Judiciary, *169* Relations with the Legislature, *170*; Agency Contacts with Legislators, *171*, Relations with Other Chief Executives, *171*; Relations with Political Parties, *172*, Public Opinion and Interest Groups, *172*.

4. INTERNAL DIRECTION AND CONTROL..... 174

Administrative Planning and Direction, *174*, Executive Coordination and Administrative Reporting, *174*, Constitutional Supports, *175*; Statutory Implementation, *177*

CHAPTER PAGE

5. Arms of Modern Management 178

Need for Assistance to the President, *178*, Realigning the Executive Branch, *179*, Central Staff Facilities, *180*, Executive Office of the President, *181*, Policy Coordination, *182*, Potential ties of the Cabinet, *182*.

9. THE DEPARTMENTAL SYSTEM, *Fritz Morstein Marx* 184

1. General Features 184

Purpose of Departmentalization, *184;* Structure of Departmental System, *185*, Factors in Departmentalization, *187*, Undirected Growth, *189*, Quasi-Departments, *190*.

2. Interdepartmental Coordination 191

Staff Establishments, *192*, Coordinating Agencies, *193*, Role of the Cabinet, *195*, Use of Interdepartmental Committees, *196*, Avenues of Progress, *197*.

3. The Secretary's Business 198

External Affairs, *198*, Living in a Goldfish Bowl, *199*, Character of Executive Function, *200*, Classes of Executive Aides, *201;* Attaining an Institutional Product, *201*.

4. The Bureau Pattern 202

Special Concerns Versus General Purpose, *202*, Centrifugal Pull, *203;* Bureau Intransigence, *204*, Weight of Professionalization on Bureau Level, *204;* Reaffirming Unity of Purpose, *205*.

10. INDEPENDENT REGULATORY ESTABLISHMENTS, *James W. Fesler* 207

1. Types of Independent Establishments 207

Meaning of Independence, *207*, Institutional Safeguards of Independence, *209;* Appointment and Removal of Members, *210*, Financial Support and Basic Authority, *211*, Political Factors, *211*

2. Nature and Conduct of Regulatory Business 212

Rule-Making and Case-by-Case Decision, *212*, Administrative Approach, *214;* Mixture of Approaches, *215*, Judicial Control, *217*, Proposals of Attorney General's Committee on Administrative Procedure, *219*.

3. The Record of Independence 221

Regulation by Independent Commissions and by Executive Departments, *221*, Clientele Departments and Directive Power, *222;* Struggle for Control Over Independent Commissions, *223*, Humphrey Case, *224*, Experience in the States, *226*.

4. The Price of Independence 227

Popular Illusions, *227*, Need for Policy Coordination, *228;* Lethargy of Independence, *228*, Pressure for Reform, *229*, Lack of Stimulation, *229*.

5. Organizational Alternatives 230

Executive Control, *231*, Legislative Control, *231;* Judicial Control, *232;* Segregation of Powers of Independent Commissions, *233*, Proposals of President's Committee on Administrative Management, *234*.

CHAPTER PAGE

11. GOVERNMENT CORPORATIONS, *V. O. Key, Jr.* 236

1. CENTRAL CONTROLS AND MANAGERIAL FREEDOM 236

Direction by the Chief Executive, *236*, Overhead Control of Departmental Methods, *236*, Control Machinery in Action, *237*, Central Control and Departmental Resourcefulness, *238*, Changing Role of Government Corporations, *238*.

2. THE DEVELOPMENT OF THE CORPORATE SYSTEM IN GOVERNMENT .. 240

Variety of Government Corporations, *240*, Government Corporations as Product of Emergencies, *241*, Great Depression and World War II, *241*, Government Corporations in the Field of Farm Credit, *243*, Scope of Corporate System, *244*.

3. OVERHEAD CONTROL OF CORPORATE OPERATIONS 244

Immunity from the Power of the Purse *244* Restrictions on Corporate Autonomy, *246*, Emerging State of Budgetary Control *250*, Powers of Comptroller General, *251*, Central Control of Personnel, *255*.

4. CORPORATE AUTONOMY AND POLITICAL RESPONSIBILITY 256

Legislative Bewilderment, *256* Political Antagonisms, *258* Providing Information for the Legislature, *259*, Enforcing Political Responsibility of Government Corporations, *260*, Contribution of the Corporate Device, *262*.

12. FIELD ORGANIZATION, *James W. Fesler* 264

1. THE GROWTH OF FIELD ORGANIZATION 264

Continental Prototypes, *264*, British Development, *266*, Expansion of Federal Functions, *266*, Technological Progress, *267*, Scope of Field Organization, *268*.

2. CENTRALIZATION AND DECENTRALIZATION 269

Approach to Decentralization, *269*, Factor of Responsibility, *270*, Administrative Factors, *270*, Functional Factors, *273* External Factors, *274*.

3. FIELD-HEADQUARTERS RELATIONS 276

Rivalry of Functional Experts and General Administrators, *276;* Lines of Command, *277*, Personnel Policies *279*, Headquarters Office of Field Operations, *280*, Problems of Communication *280* Controls Over Field Organization, *281;* Problems of Multilevel Field Organization, *283*

4. INTERAGENCY COORDINATION IN THE FIELD 284

Divergencies in Field Organization, *284* Emerging Uniformities, *285;* Pooling of Field Resources, *286*, Regional Coordinators, *287*, Special Coordinative Machinery, *288*.

5. THE PROSPECTS OF JOINT FIELD PLANNING 289

Regional Planning Commissions, *289*, Regional Development Authorities, *290;* Function Versus Area, *291*, Remaining Issues, *291*, Community-Level Analysis, *292*.

13. INFORMAL ORGANIZATION, *Harvey C. Mansfield and Fritz Morstein Marx* 294

CHAPTER PAGE

1. FORMAL AND INFORMAL ORGANIZATION 294

Organic Growth of Informal Organization, *294;* Charts and Realities, *294;* Attitudes and Motivations, *295;* Basis of Personal Organization, *296;* Growing and Shrinking Organizations, *297.*

2. ELEMENTS OF INFORMAL ORGANIZATION 297

Characteristic Factors, *297,* Self-Expression of Influence, *297,* Variables Affecting Authority, *299,* Forms of Personal Organization, *300;* Ties of Allegiance, *303.*

3. NONHIERARCHICAL SOURCES OF POWER 306

Men Behind the Throne, *307,* The Personal Secretary, *309;* The Invincible Constellation, *311;* Clubs and Clusters, *312;* Voice of the Union, *313.*

14. INTEREST GROUPS IN ADMINISTRATION, *Avery Leiserson* ... 314

1. THE MEANING OF INTEREST REPRESENTATION 314

Types of Interest Groups, *314;* Interest Orientation of Public Administration, *315;* Governmentalization of Interest Groups, *316,* Interest Groups and Class Theory, *317;* Demands for Interest Representation, *317.*

2. CLIENTELE ORGANIZATION 318

Growth of Clientele Agencies, *318,* Disadvantages of Clientele Organization, *318;* Attempts at Internal Balance of Interests, *319,* Functions of Clientele Agencies, *320,* Experiences of the Great Depression and World War II, *321.*

3. STAFFING FOR POINT OF VIEW 322

Grounds for Interest Representation, *322,* Administrative Appointment of Interest Representatives, *323;* Problems of Dual Allegiance, *324;* Group Representation Through Special Staff Units, *326,* Balance Sheet of Experience, *329.*

4. INTEREST REPRESENTATION ON ADMINISTRATIVE BOARDS 330

Membership Requirements, *330,* Nomination by Interest Groups, *331;* Bipartisan and Tripartite Boards, *332,* Record of Wartime Labor Boards, *333,* Test of Interest Compromise, *334.*

5. THE PRINCIPLE OF CONSULTATION 334

General Theory of Interest Representation, *334,* Basic Distinctions in Group Representation, *335;* Organization of Interest Participation, *336;* Three Wartime Examples, *336,* Foundations of Interest Consultation, *338.*

15. LEGISLATIVE CONTROL, *V. O. Key, Jr.* 339

1. MEANS AND CONDITIONS OF CONTROL 339

Central Issue of Governance, *339;* Formal Means of Legislative Control, *340;* Looking Into Particulars, *341,* Atomization of Control, *342;* Weakness of Legislative Discipline, *343.*

2. CONTRADICTION OF INTEGRATION 344

Absence of Collective Administrative Responsibility, *344;* Splintering Effects of Legislative-Executive Relations, *345;* Legislative Dealings with Subordinate Personnel, *346;* Subtler Legislative Influences, *347;* Grants of Organizational Independence, *348.*

CHAPTER PAGE

3. Diffusion of Initiative and Responsibility 349

Executive Share in Policy-Making, *349*, Desertions from the President's Program, *350*, Inadequate Legislation, *351*, Incongruity Between Power and Responsibility, *352*, Legislators and Administrators, *352*.

4. Quest for Accountability 354

Selecting Department Heads, *354*, Lower-Level Appointments, *355*; Attempted Extension of Senatorial Confirmation, *356*, Removal Power, *357*, Legislative Pressure for Resignation, *358*.

5. Drives Toward Reform 358

Case for Cabinet Government, *359* Merits of a Question Period, *359*, Legislative Committee Meetings with Administrators, *360*, Legislative Staffs, *360*, Making Legislative Work Manageable, *361*.

PART III

Working Methods

16. THE FORMULATION OF ADMINISTRATIVE POLICY, *Avery Leiserson* 365

1. Policy Formation and Policy Sanction 365

Realm of Administrative Policy, *365*, Breadth of Policy-Making Process, *365*; Prompting Role of Management, *366*, Legislative Basis of Administrative Policy, *366*, Main Division of Responsibility, *367*, Coordinate Tasks of Legislature and Chief Executive, *368*.

2. Fact-Finding and Discretion in Administrative Policy 368

Delegation of Policy Determination, *368*, Administrative Contacts with Private Fact-Finding Groups, *369*, Interagency Use of Staff Resources, *370*, Government-wide Clearance of Policy Proposals, *370*, Insuring Objectivity in Staff Recommendations, *371*.

3. Ideology and Administrative Policy 373

Sources of Ideology, *373* Ideology of Political Office, *373*, Administrative Ideology, *374*, Intellectual Flexibility and Emotional Stability, *374*, Effects of Ideological Orientation, *375*.

4. External Influences and Administrative Policy 375

Impact of Interest Groups, *375*, Public Relations, *376*, Issues of Legality, *376*, Task of the Agency Lawyer, *377*, Dynamics of Administrative Policy-Making, *377*.

17. GOVERNMENT BY PROCEDURE, *Dwight Waldo* 381

1. The Nature and Limitations of Procedure 381

Meaning of Procedure, *381*, Role of Procedure, *381*; Procedures as Laws of Activity, *382*, Procedure as Physiology of Organization, *383*, Procedure as Institutional Habit, *383*.

CHAPTER PAGE

2. PROCEDURES AND PUBLIC ADMINISTRATION 385

Rule of Law, *385*; Safeguarding Liberty and Equality, *386*; Legislative Prescription of Procedure, *386*, Protecting Administrative Morality, *387*; Aims of Procedure, *388*.

3. TYPES OF ADMINISTRATIVE PROCEDURES 388

Classes of Procedures, *388*, Institutional Procedures, *389*; Working Procedures, *389*, Diversity of Procedures, *391*, Two Illustrations, *391*.

4. CREATION AND CRITERIA 392

Procedure-Making Compared with Policy-Making, *392*, Procedure-Making Units, *394*; Art of Making Procedures, *394*; Work Simplification and Procedural Standardization, *395*; Problems of Procedure-Making, *396*.

5. HOW TO LIVE AMONG PROCEDURES 398

Law Versus Dispatch *398* Deficient Procedures, *399* Assessing Red Tape, *399*.

18. THE TASKS OF MIDDLE MANAGEMENT, *Fritz Morstein Marx and Henry Reining, Jr.* 400

1. THE DUAL FUNCTION OF MIDDLE MANAGEMENT 400

Importance of Intermediate Points of Control, *400*, Middle Management—Stepchild of Administrative Research, *401*, Recognition of a Higher Line Career, *402*; Middle Management and Top Direction, *404*; Middle Management and Control of Operations, *406*.

2. SUPPORTING TOP DIRECTION 408

Effectiveness of Downward Communication, *408*; Two-Way Traffic of Thought, *411*; Taking Orders, *413*; Tribulations of the Operator, *414*, Thinking in Larger Terms, *415*.

3. RUNNING THE SHOW 416

Problems of Delegation, *416*; Reinforcing the Line Sector, *417*; Organizing for Work, *418*; Reporting Schemes, *419*, Keeping Record, *420*.

19. THE ART OF SUPERVISION, *Henry Reining, Jr.* 421

1. WHAT IS SUPERVISION? 421

Direction With Authority, *421*; Concept of Functional Foreman, *421*; Phases of Supervision, *422*, Scope of Supervision, *422*, Institutional Aspects, *423*.

2. THE SUPERVISORY SKILLS 424

Wartime Innovations, *424*; Job Instruction, *426*; Improving Methods, *428*; Working With People. *430*; Work Simplification, *432*.

3. PROBLEMS OF SUPERVISION 434

Variations in Supervisory Situation, *434*, Requirements of Good Supervision, *435*; Democracy of Work, *437*; Selecting Supervisors, *439*, Supervision and Policy, *441*; Span of Supervision, *442*; Employee Organization and Supervision, *442*; Short-Run Versus Long-Run Point of View, *443*.

4. SUPERVISION AND EMPLOYEE INITIATIVE 444

Institutional Climate, *444*; Top Management Support, *445*; Channeling Employee Initiative, *445*; Suggestion Systems, *445*; Rating Employees, *446*.

CHAPTER PAGE

20. ADMINISTRATIVE SELF-IMPROVEMENT, *Donald C. Stone*... 448

1. EVOLUTIONARY CURRENTS 448

Beginnings of the Analytical Approach, *448*; Growth of Systematic Inquiry, *449*; Academic and Professional Support, *449*; Stimulus from Private Management, *450*; Government Response, *452*.

2. ORGANIZATION FOR ADMINISTRATIVE ANALYSIS 452

Conceivable Alternatives, *452*; Improvement Through the Administrator's Personal Action, *453*; Use of Outside Consultants, *453*; Use of Committees, *454*; Staff Meetings, *455*; Role of an Administrative General Staff, *456*; Types of Administrative Planning Offices, *459*; Tasks of Line Operators and Supervisors, *461*; Role of the Rank and File, *462*.

3. TECHNIQUES FOR ADMINISTRATIVE SELF-IMPROVEMENT..... 462

Mission of the Administrator, *462*; Types of Administrative Surveys, *464*; Reconnaissance, *466*; Planning the Survey, *466*; Review of Written Materials, *467*; Questionnaires and Check Lists, *468*; Interviews, *469*; Observation of Operations, *470*; Review of Communications, *471*; Work-Load and Work-Measurement Data, *471*; Charting Devices, *472*; Reports, *472*.

4. BASIC RESOURCES IN MANAGEMENT IMPROVEMENT..... 473

Qualifications for Analysis, *473*; Skill in Human Relations, *474*; Training Surveys, *475*; Employee-Initiated Action, *476*; Summary, *476*.

21. MORALE AND DISCIPLINE, *Wallace S. Sayre*..... 479

1. THE MEANING OF MORALE..... 479

Components of Morale, *479*; True Coin and Counterfeit, *480*; Democratic Implications of Morale, *481*; Doctrinal Counterinfluences, *481*; Impact of Military and Business Prototypes, *483*.

2. BUILDING GROUP MORALE 483

Basic Premises, *483*; New Methodology, *484*; Teamwork, *485*; Leadership, *485*; Group Development, *486*; Working Together, *487*; Union Attitudes, *488*; Incentives, *490*; Performance Standards, *490*; Essentiality of Purpose, *491*.

3. THE MODES OF DISCIPLINE 491

Aims of Discipline, *491*; Disciplinary Restraints, *492*; Political Aspects, *493*; Service Ethics, *493*; Evocation of Self-Discipline, *494*.

4. MORALE AND INSTITUTIONAL PATTERN..... 495

Organizational Structure and Concerted Action, *495*; Balance of Structure and Morale, *495*; Organization in Action, *495*; Effects of Specialization, *496*; Discipline as Affirmative Pressure, *496*.

PART IV

Responsibility and Accountability

22. ESSENTIALS OF RESPONSIBILITY, *George A. Graham*..... 501

1. MEN AND INSTITUTIONS 501

Responsible Men, *501*; Responsible Institutions, *503*; Interdependence of Men and Institutions, *503*; The Political Implications of Business Practice, *504*; Automatism? *506*.

CHAPTER PAGE

2. LEGISLATIVE RESPONSIBILITY 507

Responsible Legislators, *507*; Realism in Responsibility of Legislators, *507*; Legislative Irresponsibility? *508*, Suicidal Tendencies, *509*, Responsibility and Leadership, *509*; Responsibility of the Legislative Body, *510*.

3. EXECUTIVE RESPONSIBILITY 512

Elected Chief Executives, *512*; Responsibility of the Chief Executive, *513*; Executive Restraint, *514*, Executive Emphasis on Teamwork, *514*; High Officials—Political Leadership, *515*.

4. ADMINISTRATIVE IMPLICATIONS 516

Politician and Civil Servant, *516*; General Interest Versus Special Interest, *516*; Integrity and Good Faith, *517*; Civil Service—But Not Servility, *517*.

23. THE JUDICIAL TEST, *Don K. Price*..... 519

1. THE RULE OF PRACTICALITY..... 519

Propriety of Administrative Rule-Making and Adjudication, *519*; Test of Social Utility, *520*, Two Illustrations, *521*; Extending the Rule of Law, *522*; Administrative Regulation as Alternative to Public Ownership, *522*.

2. THE ADMINISTRATIVE PROCESS AND THE LAWYERS..... 523

Prevention Over Punishment, *523*; Regulation as Partnership in Management, *524*; Informal Settlement Versus Formal Adjudication, *525*; Balance of Public Interests, *526*; "Snuffing the Approach of Tyranny," *527*; Federal Administrative Procedure Act, *529*.

3. ADMINISTRATIVE FAIRNESS AND JUDICIAL REVIEW..... 531

Rules of Evidence, *531*, Spot-Check of Judicial Review, *532*; Scope of Judicial Review, *533*, Legitimate Judicial Concerns, *534*; Legislative and Judicial Standards of Review, *535*.

4. THE ORGANIZATION OF ADJUDICATION..... 537

Prosecutor-and-Judge Agencies, *537*, Continental Administrative Courts, *538*, American Alternatives, *539*, Executive Integration of Regulatory Bodies, *540*; Political Factors, *542*.

5. CONCLUSION 543

Benefits of Administrative Specialization, *543*; Combining Flexibility and Principle, *543*.

24. PERSONNEL STANDARDS, *Milton M. Mandell*..... 544

1. RESPONSIBILITY AND COMPETENCE 544

Ensuring Responsive and Resourceful Administration, *544*; Management and the Personnel Function, *544*; Reformist Background and Legislative Aspirations, *545*, New Outlook, *546*; Diversity of Government Employment, *546*.

2. THE PERSONNEL OFFICE IN GOVERNMENT..... 547

Central Personnel Agencies, *548*; Working Relationships, *549*; Departmental Personnel Offices, *550*, Relations With Operating Officials, *551*; Qualifications for Personnel Work, *552*

CHAPTER PAGE

3. CLASSIFICATION AND COMPENSATION 553

Characteristics of Classification, *553*; Keeping Classification Up-To-Date, *554*, General Overview Versus Special Considerations, *554*; Classification and the Career Service, *555*, Compensation, *556*.

4. EMPLOYMENT 557

Implications of the Career Idea, *557*; Recruitment, *559*; Examinations, *560*; Written Tests, *562*, Oral Tests, *563*, Evaluation of Education and Experience, *564*, Performance Tests, *565*, Placement, *566*.

5. TRAINING 567

Types of Training, *567*; Pre-Entry Training, *568*, Orientation, *570*; In-Service Training, *571* Post-Entry Training, *573*.

6. EMPLOYEE RELATIONS 574

Place of the Union, *574*, Stress and Strain, *574*, Unionism and Service Neutrality, *575*, Value of Unions to Management, *575*, Grievance Procedure, *576*.

25. FISCAL ACCOUNTABILITY, *Harvey C. Mansfield* 577

1. FUEL FOR THE ENGINES OF ADMINISTRATION 577

Administrative Responsibility and Fiscal Accountability, *577*, Multitude of Voices *578*, Pressures and Restraints, *579*, Pattern of Legislative Money Grants, *580*, Forms of Accountability, *581*.

2. JUSTIFICATION 582

Call for Estimates, *582*, Departmental Consideration, *583*, Formulation of the Executive Budget, *586*, Legislative Action, *587*, Congressional Reform Proposals, *590*

3. BUDGETARY COORDINATION 593

Essence of Coordination, *593*, Stimulation of Program Thinking, *594*, Coordination by Consultation, *595*, Departmental Synthesis, *596*, Top-Level Coordination, *597*.

4. BUDGET EXECUTION 598

Budget Principles and the Test of Practice, *598*, Divergence Over Ultimate Ends, *602*, Fund Control, *603*, Allotments, *603*, Apportionments, *604*, Financial Reporting, *605*, Personnel Ceilings, *605*.

5. AUDIT 606

Public Finance and Representative Government, *606*; Expenditure Control in England, *606*; Beginnings of Expenditure Control in the United States, *607*; Specificity of Appropriations, *608*, Administrative Checks, *609*, Delay and Laxity, *610*, Path of Reform, *612*, Formation of the General Accounting Office, *613*, Control Versus Audit, *614*, Safeguarding Operational Responsibility, *615*; Balance Sheet of Audit and Settlement of Accounts, *617*.

INDEX 623

Part I

THE ROLE OF PUBLIC ADMINISTRATION

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CHAPTER 1

The Growth of Public Administration

1. Administration—Public and Private

Administration as Part of All Planned Effort. Save for those who drift through life and care not where the current takes them, all men know something from their own experience about the importance and the ways of administering their affairs. For to refuse to let circumstances run some wayward course and to work instead within the limits they impose to attain a more acceptable end—this, at heart, is the idea of administration.

In simplest terms, administration is determined action taken in pursuit of conscious purpose. It is the systematic ordering of affairs and the calculated use of resources, aimed at making those things happen which we want to happen and simultaneously preventing developments that fail to square with our intentions. It is the marshaling of available labor and materials in order to gain that which is desired at the lowest cost in energy, time, and money. No man, therefore, who singly or in company with others has ever laid out—or had laid out for him—a course of action and proceeded on it can be without some intimation of the nature of administration. Motivated by their desires and interests, individuals and groups of individuals set themselves their main goals; what they do thereafter to translate these goals into positive achievement is essentially administration.

Regardless of the field of human endeavor, there is thus an administrative side to all planned effort. In simple situations where the things that need to be done are obvious, and it is fairly plain who can best do what, it is possible for people sharing an objective to work as a team and never grow aware of the fact that their teamwork for the common purpose spells administration. But when conditions become complex or difficult, when it is no longer easy to know how to proceed or whether the resources available will be adequate for gaining the common end, the administrative aspect emerges as a matter of special attention.

This conscious concern with administration arises first, and principally, among the comparative few to whom it falls to outline programs, devise

procedures, and direct or supervise operations. In a more general way, the importance of administration also comes to be recognized by the many—those through whom the process of cooperative effort operates, so to speak—and how they "see" it will usually make a considerable difference in the success or failure of the enterprise. Where they share in its purpose and can look forward to sharing in some way in its fruits, administration is accepted as the means whereby they are enabled to be successful in their jobs, and they work accordingly. Where they reject the purpose and see no prospect of a fair participation in its results, administration is regarded as a means of exploiting them against their will—and under such circumstances even a genius in management will be unable to achieve more than poor results.

Although the purpose-minded individual has administrative problems in his own life, whether he lives in the modern metropolis or on a farm in Kansas, we usually speak of administration and management in connection with the organization and direction of cooperative or collective activity. The two terms—administration and management—are sometimes used interchangeably. In general, administration is the broader term, embracing such factors as establishing priority of specific goals, devising the most appropriate structural form for the cooperative enterprise, and harnessing the total effort toward attainment of the defined ends. Management, in its distinctive sense, relates primarily to those activities which are designed to make the enterprise succeed within the framework of policy, structure, and resources.

Unity of Scientific Knowledge of Administration. It is in the sphere of cooperative or collective effort that administration has its primary significance. Whether social, religious, economic, or political in character, every organization depends on administration for accomplishing its aims. And the larger the organization, other things being equal, the greater the need for administration to be formally and extensively developed. On the question of whether administration is chiefly art or science we can here confine ourselves to the observation that, while it is and must be both, it is steadily coming to be more than an art. From either angle, however, it is equally obvious that the precepts and standards of administration comprise a single discipline. Its rules and insights are utilized in numerous and widely different fields; they nevertheless constitute but one body of theory and practice.

Like other sciences, the developing science of administration has many branches. All of them, however, stem from the same trunk. Not a few people have deluded themselves by assuming—to take the most serious misconception—that business administration and government administration are entirely separate spheres, completely distinct from each other. The fact is that they have more in common than not. Neither stands alone; both are parts of a larger whole. As disciplines they differ not so much

in theory and practice as in the uses to which they are put Yet even in their particular objectives the gap between them is not as wide as some seem to suppose Government and business profit alike by contributions made by either to the advancement of administration As one example, the growing membership and influence of the Society for the Advancement of Management, supported by both groups, prove that these truths are being appreciated on both sides Both are realizing how much theirs is a common goal and a common interest

Business affords the most obvious illustration of private administration. But we find highly developed administration of a nongovernmental character in other institutional realms also Mooney and Reiley have underscored the importance, especially for the study of organization, of the largely unexplored riches in the field of ecclesiastic administration[1] The Roman Catholic Church and the Greek Orthodox Church come to mind as two conspicuous examples These and other religious bodies throughout the world have maintained themselves continuously through many centuries. Such a record implies remarkable administrative as well as spiritual achievement It merits more attention by students of administration than it has thus far received

Colleges and universities comprise another institutional sphere which has contributed much to the development of tested administrative knowledge The universities of Paris, Oxford, Palermo, Cairo, Salamanca, Kiev, and Harvard are but a few of many outstanding institutions of learning which have survived through hundreds of eventful years into our own time In order to accomplish their intellectual mission they had to give much thought to the administration of their institutional affairs Even today few problems are more complex than those of giving common focus to the interests of professors, students, parents, alumni, trustees, and donors or taxpayers—especially when we consider the fact that most of these individuals are free agents, not subject to compulsion.

Scope of Public Administration At its fullest range, public administration embraces every area and activity under the jurisdiction of public policy We might even include the processes and operations through which the legislative branch is enabled to exercise its law making power; there is much adroit management in the enactment of legislation In the literal sense of the term, public administration also includes the functions of the courts—in the administration of justice—and the work of all the agencies, military as well as civilian, in the executive branch of government. An exhaustive treatise on public administration would, therefore, have to give consideration to judicial structure and procedure and likewise to the special machinery and methods employed by the armed forces, in addition to

[1] Mooney, James D and Reiley, Alan C, *The Principles of Organization*, New York Harper, 1939, especially the discussion of hierarchy in the Roman Catholic Church in the chapter on Theories of Organization

legislative management. By established usage, however, the term "public administration" has come to signify primarily the organization, personnel, practices, and procedures essential to effective performance of the civilian functions entrusted to the executive branch of government. We shall use the term in this customary sense.

While not disregarding judicial or military functions, public administration in our meaning denotes mainly the work of civilian agencies charged by statutory mandate with carrying on the public business assigned to them. Broadly speaking, it covers everything they do, or could do, to help the body politic attain its purposes. More specifically, though not ignoring considerations or activities peculiar to particular governmental levels, types of program, or geographic areas, public administration centers its concern in those matters of organization, procedure, and method common to all or most administrative agencies. It pertains first and foremost to those factors of basic importance found throughout the whole range of executive responsibility.

Application of the body of knowledge called public administration to any particular function like welfare may carry us from the level of the town hall to that of the statehouse, from there to the national stage, and on beyond to international affairs. It may span, on a single plane, from the bogs and bayous of a Louisiana parish to the desert lands of a county in Nevada or the wooded hillsides of a New England town. It may impress identical features on such different functions as health, education, conservation, transportation, telecommunication. Or it may weave back and forth from a patently "governmental" function like the arrest and detention of a thief, to a quasi-governmental, quasi-commercial one like the operation of an electrical utility, and again to what the cynic would regard as a public function *par excellence,* the collection of taxes. Despite the shifting scenes, certain problems will recur and certain precepts will be uniformly applicable in every field. *Generic administrative theory is everywhere the same; its* major parts comprise the "elements" of public administration.

Elements of Public Administration. The fundamentals of organization, procedure, and method essential to efficient service in all fields alike, irrespective of level, area, function, or purpose, fall into three principal groups. Success in administration is a composite product made up for the most part of: (a) effective relations in policy-making between the chief executive and the legislature or, in the case of a private enterprise, the board of directors governing the organization; (b) ability of the chief executive and his principal aides and key subordinates to incorporate the policies adopted by the legislature or board of directors into workable plans of operation, sustained by appropriate grouping of component activities; and (c) skill of those in charge of operations in so directing, coordinating, instructing, and winning the collaboration of the rank and file of employees that the objectives embodied in policies and plans will be efficiently accomplished.

Thus it follows that the elements of public administration consist of three sets of considerations or hypotheses: the first pertaining to the role of the executive head in policy-making, the second to relations between that official and his immediate associates in the top structure of the administrative hierarchy, and the third to relations between the higher operating chiefs and all employees of progressively lower rank.[2]

Every science has its problems of nomenclature. One of the problems of nomenclature in public administration has been to develop agreement on terms that would clearly denote the three major aspects or phases of this science. While usage has not become firmly settled, the highest responsibilities—those involving relations with the legislative body—are generally classified as being *executive* in character. Those primarily oriented toward the general scheme of operations are usually referred to as *administrative.* Those relating to the actual direction and supervision of the whole force of employees are in the main labeled *managerial Managers* supervise the fulfillment of work programs under the general direction of *administrators,* who in turn carry responsibility for broad assignments given them by the *chief executive,* whose policies are formulated in collaboration with the legislative body. It should be noted, however, that each main phase of responsibility carries its emphasis into the body of aides attached to it; thus the chief of a departmental planning staff is an administrative aide.

Administration as Servant of Policy. Whether the sphere of interest be public or private, administration is always the servant of policy. Management—the largest part of administration—denotes means, and means have no significance except in terms of ends. The dichotomy of ends and means forms the basis of and supplies the justification for studying public administration as an identifiable aspect of government. We usually think of government as being divided naturally into three coordinate parts—legislative, executive, and judicial It is desirable to recognize the utility of conceiving of government as a going concern having but two main phases—making public policy and administering the public business in accordance with that policy

When the legislative and judicial branches of our national and state governments confine themselves to their proper functions, the former concerns itself mainly with problems of policy and the latter works entirely in the field of administration—administering justice. In contrast with these branches, the executive department is obliged to a certain extent to carry a double load; top executives have to labor in both vineyards. Presidents, governors, and mayors (save when relieved of administrative duties by a city manager) are required to serve both as political leaders and adminis-

[2] See Pearson, Norman M., "Fayolism As the Necessary Complement of Taylorism," *American Political Science Review,* 1945, Vol 39, pp 68-80 For further elaboration, see Urwick, Lyndall, *The Elements of Administration* London. Pitman, 1943

trative chiefs. Except for such administrators-in-chief and their principal subordinates, however, those engaged in administration do not make or necessarily participate in making the basic policies they execute. Their prime job is to give effect to policy. Their main function is the execution of programs. The sponsorship or authorization of programs is the task of policy-makers—the elected members of the legislative body and the chief executive with his associates.

Translated into governmental terms, the ends-means scheme becomes the dichotomy of politics and administration.[3] Admitting its relativities, this is a useful distinction. It is of practical value also in helping free citizens understand what they can most wisely do in making democracy work. The political tests of policy are mainly two: enlightenment and representativeness. The citizen can force his government to meet these tests by the proper use of his vote. In contrast there is only one main test of public administration, and one difficult or impossible for the citizen to apply: Are the means used effective in terms of their cost in achieving the end sought? The best way for the citizen to ensure that his government meets this test is not by trying to measure administrative efficiency himself but by making his elected representatives insist on the use of objective measurement of performance within the administrative system.

As a general proposition, policy and politics in the sense of the political process of policy determination are primary to administration both logically and chronologically. Policy defines the aims and ends of governmental action. The ideal of government by consent of the governed would be empty unless the common man had his say in the matter. In a democracy of large-scale governmental operations like ours the citizen plainly cannot have his say directly, except within narrow limits. Through voting, however, and through other kinds of political activity he can indirectly express his preference in policy. The people choose their representatives in the legislature and at the helm of the executive branch; these persons proceed with the making of public policy. Though they may receive advice and information from various quarters—officials as well as interested groups—they alone are called upon to determine and declare policy.

On the highest level, therefore, public policy is what politically chosen representatives make it. It is after they have set the goals and laid out the main lines of action for attaining these goals that the basic role of public

[3] For two classic statements of this distinction, see Wilson, Woodrow, "The Study of Administration," *Political Science Quarterly*, 1887, Vol. 2, pp. 197-222, and Goodnow, Frank J., *Politics and Administration*, New York: Macmillan, 1900. For an indication of current views, see Haines, Charles G. and Dimock, Marshall E., eds., *Essays on the Law and Practice of Governmental Administration*, Baltimore: Johns Hopkins Press, 1935.

administration begins.[4] Administrators have the task of enforcing or implementing policy. It is the essence of their craft to handle the public's business with the greatest efficiency possible, limited only by the resources available to them and the conditions under which they are required to work. In their capacity as citizens, the men and women who serve in public administration may not always share the views of those who make official policy or agree with its wisdom Unless they resign their posts, however, it is their solemn duty to bend every effort to accomplish the purpose or the program set. It is not their business to try to substitute any greater wisdom they may think they have for any lesser wisdom of the people's chosen representatives The time for administrators to record their doubts is at the stage of policy consideration or reconsideration. Here they will usually be heard with full appreciation of their judgment.

The public service has much to gain and nothing to lose from observing the implications of the dichotomy of politics and administration To the degree that administrative officials make clear by word and deed that they regard themselves principally as agents of policy, the public will be likelier to confine itself to the control of policy in the legislative arena, leaving administration free to do its work without direct political interference.

2 The American Background

Heritage from Britain. Five European nations participated in the exploration and early settlement of what is now the continental United States. Only one of them, Britain, left a deep imprint upon our administrative institutions British antecedents furnished the models for the towns which still are the fundamental political units in New England and for the counties which form the basis of local government in the agrarian South The mixed pattern of towns, townships, cities, and counties which has developed in other regions of the country also arose from these beginnings The combinations and modifications which took place have been due mainly to the influence of geographic and economic factors, and also to the fact that those who migrated from one section to another simply carried some of their customs with them

The *ad hoc* or special purpose governmental districts—for schools, water, drainage, health, recreation—so ubiquitous in American local administration, are likewise to a degree of English origin Generically, they may be traced back to the concept of the limited or single-purpose local public cor

[4] The sequence of politics and administration is perhaps most easily visualized with reference to a particular statute or program There are at least five stages in the process, the first three chiefly political, and the latter two mainly administrative (a) development of a favorable public opinion, (b) electioneering, (c) formal legislative adoption or enactment (d) normal executive administration, continuing as long as the policy remains unchanged and (e) judicial administration for interpretation and application of the policy whenever the citizen claims that enforcement would invade his legal rights *Cf* Anderson William *American City Government* pp 188 192 New York Henry Holt 1925

poration as developed in Anglo-Saxon jurisprudence. This is not to suggest, however, that the explanation for our extensive—not to say, excessive—use of these units is bad British precedent. The historic reason for our having today some 127,000 school districts is not that our ancestors blindly followed the example of seventeenth-century English administrative organization. It was partly the need for a convenient governmental unit through which early Americans, especially in the northern colonies, could realize their ambition of providing free common schooling for all children; and partly, once the pattern of reserving sections of the public domain for the support of education had been established, the necessity for a device whereby the people of the Northwest Territory (1787), and also of all other areas subsequently opened for settlement, could organize to take advantage of their educational opportunities. Whether the district system should be retained unchanged or whether it should be modified and simplified are questions to which students of public administration in the twentieth century must find answers.

Until the first gains, during World War I, of the movement for state administrative reorganization, perhaps the best way to describe the impact of the British example on state government would have been in terms of "reverse English." American experience with royal colonial administration had been such that, when the people themselves came into control after 1776, they reversed the model of the powerful chief executive In organizing their new state governments they vested preponderant power in the legislative assembly Aside from the presidency, it took the nation approximately a century to overcome its fears and suspicions of centralized authority, even under popular and legislative control The movement for administrative integration under a strengthened executive which has been the key to much of the progress made in state government during the past generation is a relatively recent development.

Insofar as the form and character of American national government is concerned, the Constitution on which it is based comprises a bundle of compromises One of the reasons why compromise was so essential in the historic summer of 1787 was the insistence of many of the Founding Fathers that the document incorporate numerous features of the British system of government. They aimed at framing a polity combining both aristocratic and democratic characteristics, but in such a way that over the years the popular features could gradually be expanded. Every mature citizen may judge for himself how well they succeeded.

Finally, there is the matter of English ideals of liberty, equality, and justice Our British heritage has not consisted merely of mechanics related to administrative areas and structures. In some ways the most significant elements have been those conceptions of individual freedom, due process, and equal justice which, adding up to the "rule of law," are perhaps the richest political treasure of American as well as of Anglo-Saxon civilization. Americans have introduced many modifications in their administrative as in

their linguistic heritage. Yet these have not replaced the foundations British influence lives in American administration today not only in its structural forms and operating procedures but still more in the spirit by which the whole system is animated.

Influence of the Frontier. As part of the "cutting edge of civilization," public administration is always affected at any given time by what civilization is trying to cut. When it is the wilderness of untamed forests, prairies, swamps, and deserts with which American government had to contend for three hundred years as the pioneers made their way westward across the continent, the effects are of one kind. When civilization is cutting economic or social barriers in a highly industrialized and urbanized society, the effects are of a different nature.

The physical frontiers against which American civilization was pushing from the days of the landings at St Augustine, Jamestown, and Plymouth until the last of the good "free land" was staked and claimed around 1890 had several major influences upon the emerging administrative system. Sparsity of population and the simple life which the pioneers and first settlers led, together with their fierce spirit of self-reliance, caused the activity of government to be restricted at the outset to little more than the maintenance of the peace, the recording of land titles and the administration of justice. As a result, the ideal of limited government became deeply ingrained in American political thought. This in turn encouraged the view, asserted on a national scale by Andrew Jackson, that the duties of public employees were, or admitted of being made, so simple that as a general rule they could be performed in a reasonably satisfactory manner by the ordinary citizen, irrespective of the character of his previous private pursuits Honesty and normal intelligence were thought to be the only essential qualifications.

These influences have expressed themselves chiefly in two ways. One has been the constant disposition of the public to be suspicious of all proposals to extend the range of administrative activity Millions of Americans still hold the conviction that government should both stay out of business and keep away from it—the late nineteenth century version of Jefferson's preference for that government which governed least The other influence has been a somewhat naive faith in mechanically simple and direct relationships between the citizen and his public servants, coupled with a stubborn refusal to combine defectively small governmental units into larger and more resourceful entities Until near the close of the nineteenth century, virtually every important administrative office—whether in town, city, school district, county, or state—was on an elective basis Many still are, particularly in the counties. Moreover, terms of elective office are invariably short, seldom running over two years.

As for appointive positions, the presumption prevailed from the early days that there should be frequent rotation in office and that every newly elected official had the right to dismiss incumbents inherited from his pre

decessor and fill their posts with appointees of his own choosing. Considerable success has been achieved on the national level and in the more progressive states and cities in replacing this tradition by the sounder one of career service based on merit. However, the old way remains dominant over a considerable area of public administration even to this day.

Hamiltonian and Jeffersonian Traditions. Another historic influence upon modern American administration has been the unceasing contest between two different governmental theories espoused by the two opposing titans of Washington's original cabinet.[5]

Hamilton, brilliant, logical, and conservative, believed that commercial strength constituted the only sure foundation for national welfare and favored bold use of federal authority to advance that end. His program for building up a business class through tariff protection and other aids to industry inevitably entailed a considerable exercise of centralized power. This caused opposition at a time when previous experience led most people to cavil at every debatable employment of public authority as a danger to individual liberty. Hamilton, however, had no fear of power in government provided that those who wielded it could be held responsible for their acts. This philosophy has been a significant factor in American government. Disillusionment with the consequences of his economic approach has weakened the appeal of Hamilton's program at various times. It is hardly too much to say, however, that his philosophy of administration—readiness to use governmental power wherever there is assurance of public control over its use—is stronger today than ever before.

Jefferson, his great antagonist, disagreed with these ideas—though not with a policy of fostering the development of commerce or of using such power as was indispensable to the attainment of some end that would greatly enhance the public welfare. Visualizing the country as destined under the right leadership to develop into a glorious agrarian democracy in which every man could find security for his family in the cultivation of his own acreage or in independent work as artisan, Jefferson saw little need for national administration other than that required for the conduct of foreign relations.

Beneath this belief, however, lay a more fundamental conviction. Jefferson was of the opinion that power always tends to corrupt the man in whom it is vested. He considered the difficulties of preventing its abuse so formidable as to make imperative its limitation to the barest minimum. Jefferson's agrarian ideal has long since lost all chance of translation into actuality. However, no one needs to be told that because of the continued and gradually increasing expansion of central government, this philosophy of limited and decentralized administration is one of the most effective rallying cries for many who are earnestly concerned over the future of American

[5] *Cf.* Caldwell, Lynton K., *The Administrative Theories of Hamilton and Jefferson*, Chicago: University of Chicago Press, 1944.

federalism. There are simultaneously groups within the body politic who are exploiting the fear of power for selfish purposes.

Clearly, neither the Hamiltonian nor the Jeffersonian tradition embraces the whole truth. Public administration has profited by accepting parts of both. The problem has been—and will continue to be—how much emphasis at a given time to accord to each.

Public Administration and the National Economy. Adam Smith's *The Wealth of Nations,* published in the year of the American declaration of political independence, served in a sense as a declaration of economic independence on behalf of the rising business or middle class As such its basic ideas came to have an enormous vogue throughout the whole Western world. It is no exaggeration to say that during the nineteenth century they supplied the dominant coloration in popular thought on the relations between government and business. Nor have they ceased to exert their influence. The philosophy of classical economics which took its rise from this epic volume was far more than a reasoned protest against the theory and practice of mercantilism. It had a positive character of its own, the implications of which were of cardinal importance for public administration.

Politics and economics, according to Adam Smith, were largely separate spheres. The less they had to do with each other, the better. Every man had his own property or skill and the impulse of self-interest to lead him to put them to the best employment. The wisest thing government could do, therefore, to help men solve their economic problems was to leave the business world strictly alone Admittedly it was necessary for government to prevent or suppress civil disturbances, punish crime, and build and maintain basic public works. In the domestic realm at least, however, this was as far as it should go.

With a virgin continent opening up in the eighteenth and nineteenth centuries, great numbers of the people of the United States had property of their own—land being naturally the main type; or, lacking property, they could acquire some Land enabled a family to be relatively self-sufficient. Consequently, the philosophy of governmental nonintervention did no such violence to the economic facts of life as it would in our day. Widespread ownership of land, actual and potential, provided at least some justification for *laissez faire* government Another factor was the neat complementation of legal theory it was, and is, one of the basic tenets of the "rule of law" here as in England that the citizen is at liberty to do whatever has not been prohibited, provided only that he recognize the equal right of everyone else to act in the same way

It required, therefore, a long and slow development, through decades blotted with innumerable instances of helpless poverty and social injustice, to raise political thinking above the standard of freedom from regulation of any kind to a higher standard. This higher standard of the present age is freedom under regulation designed to safeguard the general welfare. Until

the new development was well under way, public administration had only halting and tentative relationships with the national economy. Today governmental activities in countless ways sustain our economic life.

Assertion of the Public Interest. Charles E. Merriam has pointed out in a recent study of public planning that in the early decades of the last century the federal government showed some concern over abuses inherent in uncontrolled private exploitation of the nation's natural resources. Yet it was not until the eighties that practical action was initiated to safeguard the public interest.[6] Following the panic of 1837, Massachusetts established a state bank commission to make sure thereafter of the observance of its banking regulations. Still, even though there was similar provocation in other states, few followed suit.[7] Jurisdiction over such matters lay generally with the states; their inaction often resulted in hardship and injustice for numerous individuals. Nevertheless, it was only after the Middle Western states had enacted the Granger laws in the seventies that government began to intervene more extensively in the economic sphere.

Conceivably, the executive arm of the national government might have been employed to prevent the occurrence of abuses as the economy of the country expanded. However, any effort toward effective use of public authority for such purposes would have met the strongest kind of opposition. From the history of governmental regulation during the late nineteenth century it is evident that the new public administration was in a sense the unwanted child of a nation bent on the wild pursuit of material gain. Gross rapacity and prodigal wastage had to demonstrate the error in the belief that competition invariably worked like an invisible hand to ensure the protection and promotion of the common welfare. Only then did the representative bodies begin to emphasize the positive note in the American philosophy of government—the idea that government exists to safeguard the general welfare. Only then did they enact the statutes and create the agencies which account for the contemporary range of public administration.

3. The Expansion of Governmental Functions

American Pragmatism. With some measure of justification, it has been said of the people of the United States that as a nation they are not much given to systematic political speculation. Throughout our history it has generally been assumed without benefit of particulars that the sphere of governmental activity should be sharply limited and that government should "stay out of business." No one, however, has succeeded in making a list of proper and improper functions of government that has won public approval and held it over an extended period. William Graham Sumner's *What Do Social*

[6] Merriam, Charles E., The National Resources Planning Board: A Chapter in American Planning Experience," *American Political Science Review*, 1944, Vol. 38, p. 1075 *ff.*

[7] *Cf.* White, Leonard D., *Introduction to the Study of Public Administration*, pp. 26-27, New York: Macmillan, rev. ed., 1939.

Classes Owe Each Other? (1883) and Herbert Spencer's *Man Versus the State* (1884) both endeavored to demonstrate analytically why it was unwise to enlarge the range of governmental action. Yet the functions of government were increased even during the decades in which these books were enjoying their greatest popularity Though their theoretical inclination has consistently been to keep the scope of government restricted, the American people have shown equal consistency in basing their action on "practical considerations" whenever these have pointed strongly in the opposite direction.

The line of argument implied in Cleveland's famous sentence, "It is a condition and not a theory which confronts us," is one that has always made sense to most Americans They tend to believe that the presumption should never be in favor of adding to the powers or responsibilities of government; but they also insist that in the last analysis "government has to do what it has to do"[8] They have never been prepared to adhere blindly to mere theory when the price of such adherence would have been acute social injustice or failure to reach some objective to which they were strongly attached. It remains to be seen how fir attitudes will change in the face of the new concern for high level employment Up to now, however, Americans have tended to support the broad principle that government should not meddle in the domain of economic affairs and at the same time they have wanted it to be prepared to help them meet whatever economic difficulties might prove to be beyond the capacity of business

Limits to Governmental Nonintervention. American administrative history abounds in illustrations of governmental extensions to meet current needs. Consider, for instance, the compromise of *laissez faire* involved in the election of national tariff walls, in the establishment of the three "clientele" departments in Washington—Agriculture, Commerce, and Labor—and in the creation of certain of our governmental corporations Each of these developments represents something of a variation on the theme of the pure theory of the American politico-economic system, yet each is accepted as a part of the system in operation Curiously enough, those who show the greatest interest in urging government to pursue or persist in a positive course of action are often quite unconscious of what they do in terms of this theory. The reason is simple If a particular group can manage to persuade government to intervene in the economic sphere on behalf of its own special interest, that naturally seems to it all to the good; it is "interference" only in the eyes of those who are interfered with—to them it is all wrong

Few groups in the body politic have given more lip service to the principle of the separation of government and business than the leaders of industry. They have always held it high as a general idea. Yet from the time of Alexander Hamilton to the present they have generally favored

[8] For the nature of the people s power over public administration, see Appleby, Paul H., *Big Democracy*, p 135 *ff*, New York Knopf, 1945

tariff protection—a clear illustration of artificial interference with the dispensations of the "invisible hand" of free and "natural" competition. Nor is it relevant that many believers in *laissez faire* have fought for tariffs without being aware of their inconsistency. Their leaders have usually known what they were doing. As practical men they have merely refused to allow intangible principles to stand in the way of tangible results.

Establishment of Clientele Departments Governmental intervention in the field of agriculture began nationally in an almost unnoticed activity of the Patent Office—the distribution of seeds and cuttings received from American consuls abroad. After performing this humble service for a number of years, the Patent Office in 1839 was given its first agricultural appropriation of $1.000. This was to be used for continued collection and distribution of seeds, for making several investigations of interest to farmers, and for the collection of agricultural statistics. Succeeding years brought increased appropriations without additional functions. Then, in 1862, under the urging of the United States Agricultural Society whose members wanted additional "service" from the government, Congress took the decisive step of passing the "organic act" which created "at the seat of government of the United States a Department of Agriculture"[9]

It is a far cry from these modest beginnings to the gigantic operations of the department today. But two strong threads have provided connecting ties throughout every stage of the development One is the continuous desire of organized farmers for governmental aid to agriculture. What the United States Agricultural Society did in persuading Congress to establish a new department in the midst of the Civil War typifies what organized agriculture has tried to do ever since—gain for itself in the solution of its problems the friendly assistance of government. The other thread is the willingness of the public to "go along" Occasionally it does so for the positive reason that it thinks the general welfare would be served by providing the help sought. The usual explanation is much simpler, however Unless the opponents of a proposal can convince the public that its passage would open the door to a raid on the treasury, it is almost impossible to rally a majority to block its enactment.

The Department of Commerce and Labor, created in 1903, was the second major clientele agency established within the structure of national administration In terms of its germinal bureaus, it rose from such practical considerations as the necessity for proper patent registration (Superintendent of Patents, 1802), the need for inspection of steamboats to ensure their seaworthy condition (Steamboat Inspection Service, 1838), and the demand on government for maintaining a testing laboratory of its own in order to assure itself of getting full and precise value in the purchase of supplies (National Bureau of Standards, 1901). In terms of its creation as a combined entity,

[9] Gaus, John M and Wolcott, Leon O, *Public Administration and the United States Department of Agriculture*, pp 3-5, Chicago Public Administration Service, 1940

the Department of Commerce and Labor owed its origin to the fact that around the turn of the century the President and Congress alike were convinced that administrative needs would better be served by bringing together twelve existing bureaus doing broadly related work in a single, fairly unified agency

The unit within the Department of Commerce and Labor which has aided the American business community most directly came into being as the Bureau of Foreign and Domestic Commerce. Established in 1912 by an act of Congress, it was charged specifically with the "the promotion and development of the foreign and domestic commerce of the United States." Organized business worked actively for the passage of the measure setting up the new bureau and has since then looked upon the department, not unreasonably, as its special source of sympathetic governmental assistance.

Like the Department of Commerce (from which in 1913 it was formed by separation), the Department of Labor was composed initially of two bureaus which had been created in preceding years The older of these was the Bureau of Labor, established by Congress in 1884 for the purpose of collecting and analyzing information on labor conditions and located in the Department of the Interior Named the Department of Labor a few years later and given independent status though not cabinet rank, it was in 1903 again designated as a bureau and grouped with a number of other agencies to form the Department of Commerce and Labor The other original element of the newly formed Department of Labor was the Children's Bureau, which had been in existence for less than a year. As its name implies, the Children's Bureau was created for the purpose of gathering information and preparing reports, nationwide in scope, on problems of child care and child welfare The considerations leading the President and Congress to combine the two bureaus into a department of cabinet rank were political and administrative With organized labor's increasing success in making the public aware of the problems of the working class, it appeared to be both "good politics" and sound administrative grouping to accord labor the same kind of recognition which had already been given to agriculture and business

Rise of Governmental Corporations As American pragmatism is evident in the creation of these three great clientele departments, so it can be seen just as plainly in the circumstances under which some of our governmental proprietary undertakings were launched With popular opinion generally adverse to government's "going into business," most proposals to set up a publicly owned or publicly operated business enterprise have a strike or two against them before they get under way Yet government corporations are by no means uncommon on the American administrative scene. Many urban communities throughout the country have established their own corporate enterprises in the field of municipal utilities. When the citizens found themselves unable to obtain satisfactory water, electric, gas, or

transit service at reasonable rates through private firms, they took what seemed to them the logical second course of using their local government to set up and operate its own facilities

As a rule the states have had little need for such corporate enterprises of their own For a variety of reasons, however, the national government has made increasing use of corporate organization during the past thirty years. During World War I, for instance, a governmental corporation was formed for so vital a purpose as the expediting of an emergency shipbuilding program. Several such corporations were formed during the years of the Great Depression to aid economic interests, and especially to make and administer loans to business firms in need of credit and unable to obtain it from private sources The Tennessee Valley Authority, created in 1933, was given corporate status so that it might enjoy the greatest possible measure of administrative freedom and flexibility in developing its unique program of regional rehabilitation, including cooperation toward that goal with the people of the region through their local organizations, both governmental and private In World War II, to take but one of many examples, the national government organized the United States Commercial Corporation because of the need for an agency through which it could act with convenience and dispatch and with a minimum of publicity in waging certain forms of economic warfare It is clear, therefore, that the serious public reservations against proliferation of governmental activities have not barred the use of government corporations when the people have been unable to satisfy their needs through the services of private enterprise

Growth of Administrative Activities The response of government in this country to what the late Justice Holmes called "the felt necessities of the time," has meant that the United States, like other modern nations, has experienced during the last century a great transition Before the steam engine, the locomotive, the automobile, the telephone, the radio, the airplane, and other marvels of science and technology made our civilization what it is, the responsibilities of government were not only quite limited but on the whole largely negative in character So great, however, and so unsettling has been the impact of scientific inventions upon the conditions under which the vast majority of people live and work that the police activities of government have long come to be overshadowed by others of a more positive character The police state of former times has retreated to make room for the service or welfare state yet in a sense the two still exist side by side

The nature of this transformation may be seen very plainly in the tremendous expansion of municipal administration Cincinnati and Detroit, during the period from the early 1800's down to the 1930's grew from communities whose municipal services could be numbered on the fingers of one's hands to metropolitan regions whose services totaled between three and four hundred. And the end is not yet. The log of administrative development of both these cities makes it clear that protection of life and property

continues to be an important municipal responsibility. It demonstrates even more conspicuously, however, that it is activities in the fields of health, utilities, education, recreation, and social welfare which mainly absorb the energies of urban government in the present age.[10]

Comparative studies of state and county governments likewise show upward trends in the number and variety of their administrative activities.[11] The rate of increase, however, is here markedly lower than in the case of municipalities, owing to the fact that the main currents of modern life—the trends toward national economic organization and urban residence—have affected states and counties to a lesser degree. In the case of the national government the trend line rises steeply. Comprehensive statistical indices are available only for selected periods; but the crude data themselves give eloquent testimony of the steadily increasing use the American people have made of their central government.[12] Annual budget expenditures and civilian personnel figures have both risen at rates far in advance of the rate of population growth While the following table does not suggest the nature of the new responsibilities the national government has acquired in recent decades, it does afford some indication of the extent to which the volume of governmental activities has grown.

INCREASE IN NATIONAL POPULATION, ANNUAL EXPENDITURES AND ADMINISTRATIVE PERSONNEL BY DECADES DURING THE CENTURY 1840 1940

Year	*Population of Continental United States** (*in millions*)	*Annual Expenditures of the National Government, excluding debt retirement*** (*in dollars*)	*Civilian Employees in the Federal Executive Service****
1840	17 0	24,317,579	23,700
1850	23 2	39,543,492	33,300
1860	31 4	63 130,598	49,200
1870	38 6	309,653,561	53,900
1880	50 2	267,642,958	107,000
1890	63 0	318 040,711	166,000
1900	76 0	520,860 847	256,000
1910	92 0	693,617,065	391,350
1920	105 7	6,403,343,841	562,252
1930	122 8	3,440,268,884	588,206
1940	131 7	8,998,189 706	1,370,110

* U S Bureau of the Census, *Sixteenth Census of the United States, 1940 Population*, Vol I, p 6, Washington 1942

** U S Secretary of the Treasury, *Annual Report*, 1943, pp 466-471, Washington, 1944.

*** U S Bureau of the Census, *Statistical Abstract of the United States, 1943*, p 165, Washington, 1944. The figures given are for the years 1841, 1851, 1861, etc

[10] *Cf Upson*, Lent D, *The Growth of a City Government*, Detroit Bureau of Municipal Research, 1931, Cincinnati Municipal Reference Bureau, *Cincinnati (1802-1936)· The March of City Government*, Cincinnati, 1937

[11] For a charting of the administrative growth of state government, see Hurt, Elsey, *California State Government An Outline of its Administrative Organization from 1850 to 1936*, 2 vols, Sacramento California State Printing Office, 1937-1939

[12] See Wooddy, Carroll H, *The Growth of the Federal Government, 1915-1932*, New York McGraw Hill, 1934 This study was published as one of the monographs supporting the report of President Hoover's Commission on Recent Social Trends

The salient fact about the character of the newer activities of the federal government—namely, that they are designed to cope with the impact of technology on American society—is patent from the names of some of the principal agencies which have been created since the turn of the century. A partial list would include: Department of Commerce (and Labor), 1903; Department of Labor, 1913; Federal Reserve System, 1913; Federal Trade Commission, 1914; United States Tariff Commission, 1916; Federal Power Commission, 1920; Federal Communications Commission, 1934; Securities and Exchange Commission, 1934; National Labor Relations Board, 1935. Each of these agencies was established to deal with specific problems, and each has in some measure accomplished the purpose for which it was created. Obviously, however, we have not reached the end of the road. New problems have arisen since the youngest of these agencies was brought into being. Others will arise in the future.

In organizing an agency to deal with a particular issue, the President and Congress—or a governor and a state legislature, a mayor and a city council—may dispose of that immediate issue, but often at the price of various procedural irritations within the administrative system as a whole. It is invariably something of a problem to coordinate the work of a new agency with that of older units doing related work. Especially where there is no attempt to weigh the advantages of alternative methods of organization and operation, the problem of coordination can become quite troublesome.

4. Increasing Competence for Increasing Responsibilities

Even a brief survey of the growth of public administration would not be complete without some mention of the advances and adjustments which have been made within the system to enable it to handle the increasing load it has had to carry. Nor can we leave the subject without some appraisal of government's administrative capacity for sustaining the burdens likely to be thrust upon it in the future. Let us, therefore, now take note of the perennial struggle that has been waged in American administration for competent personnel; of the major gains registered in the fields of administrative structure and procedure; of the effects produced and problems generated by national emergencies; and of the implications for public administration arising from the expectations of the American people themselves.

Professional Versus Amateur. Concerned as it is with means rather than ends, administration is a phase of government in which accomplishment can be measured with a degree of objectivity. It is, moreover, a phase in which it is possible to describe with relative precision the particular qualities or abilities which individuals ought to have for the positions to which they may be assigned. It might, therefore, be supposed that a system could have been established early in our history whereby appointments to positions in the public service would have been conditioned upon demonstration of the skills or talents required for the proper performance of official duties.

The facts do not bear out this supposition. Whether, as some say, because we are democratically inclined, or because of other reasons, the great majority of the American people have always had a pronounced preference for amateur government. Wanting in general only so much governance as seemed absolutely necessary to take care of recognized public interests and concerns, and eager to keep that bare minimum securely under their own control, they have experimented with a variety of arrangements for organizing the public service. One device, still widely used in state and local government, is that of placing so many offices on an elective basis that the electorate is compelled—or, according to the logic of this philosophy, privileged—to choose not only its political representatives but a considerable body of administrative officials as well. A second formula, now for the most part happily abandoned, was that of annual elections, based on the theory that where short terms end, tyranny may begin. Rotation in office comprised a third approach, which has been fraught with so much peril to efficiency in administration that it warrants special attention.

Washington and Adams, the first two presidents of the United States, prided themselves on being good republicans but neither claimed to be a democrat in the Jeffersonian sense. Believing that politics and administration were for the established social *élite* of their day—"the rich, the well-born, and the able"—they pursued personnel policies similar to those of the more enlightened prime ministers of Britain during the late eighteenth century. They took it for granted—as did also John Quincy Adams later—that the best families of the country should and would inspire their ablest sons to seek careers in the government service. In consequence, they had little doubt that a president determined—as both of them were—to draw into the public service men of talent would not encounter any difficulty in recruiting and retaining an able and devoted staff.

Allowing for Jefferson's deep distrust of social station, his inherent inclinations were also toward "talent and virtue" seeking public office; so were those of Madison and Monroe, his successors in the White House. However, following his election in 1800, Jefferson discovered that two practical considerations obliged him to dismiss a number of Federalist appointees and replace them with Republicans. One was the inability of some of the Federalist holdovers to convince Jefferson that they could be depended upon to show no less zeal in carrying out Republican policies than they had in the service of Washington and Adams. The other was the pressure for positions put upon the new President by members of his own party.

Originally, the principle of rotation in office was virtually limited in practice to legislative offices, but agitation arose early in the history of the Union for its application to administrative offices as well. Congress adopted in 1820 the famous Four Years Law. This act provided that federal district attorneys, collectors of customs, naval officers, money agents, registrars of land offices, paymasters in the army, and several other classes of officials

should serve four-year terms rather than at the pleasure of the President, as they had formerly.[13] Even without this law, it is more than likely that Andrew Jackson during his administration (1829-1837) would have managed to dismiss a considerable number of the Whigs he found in the executive branch at his inauguration. There can be little doubt, however, that the law helped him to effect those changes in public personnel he thought necessary to place the government under the control of "the people"—that is, those who had voted him into office. The four-year rule was later modified; but it contributed materially to the establishment of the spoils system in the United States For half a century, from the 1830's to the 1880's, the overwhelming majority of appointments in American administration—national, state, and local—were made on the basis of party patronage.

Patronage and Economy During the early decades of the middle 1800's, the functions of government continued to be limited in volume and relatively simple in character American genius for muddling along being not inferior to that of the British, it was possible even later on for the public business to be transacted tolerably well by politically selected amateur employees working under loose organization and utilizing casual procedures. But that age came to an end. After the Civil War, the new materialism of industrialization, economic instability and insecurity, the loosening of personal ties as a result of increasing urbanization, the opportunities for graft on a grand scale latent in municipal construction and utilities, and the mounting necessity for professionally trained personnel to handle the new technical functions and services of government—all these led to conditions which made reform imperative

Disclosures of inefficiency and corruption touching every level of administration aroused cities and states and the nation itself to a reexamination of democracy long overdue. Gradually a demand emerged for the establishment and enforcement of higher standards of official competence and for tighter procedures wherever public moneys or properties were involved.[14] However, indignation over ineptitude or wrongdoing was not the prime factor in the imposition of new controls Rather, as the cost of government increased with additional functions of a technical nature, inefficient administration led to disproportionately heavier taxation which the public could less well afford to ignore.

In national administration, the milestones marking the progress of reform were the Pendleton Act inaugurating the rule of merit in the recruitment of public personnel (1883); the expansion of the new civil service by executive

[13] See Fish, Carl Russell, *The Civil Service and the Patronage*, p 66 Cambridge Harvard University Press, 1920 This is the leading study of the history of national personnel policies and practices during the nineteenth century

[14] *Cf.* Steffens, Lincoln, *The Struggle for Self Government*, New York Doubleday, 1906, being an attempt to trace American political corruption to its sources in six states of the United States; Foulke William D, *Fighting the Spoilsmen*, New York Putnam 1919, Lynch, Dennis T, *Boss Tweed*, New York Boni & Liveright, 1927

orders under Presidents Cleveland and Wilson, the Classification Act initiating a more uniform position structure in federal employment (1923); the report of the Commission of Inquiry on Public Service Personnel (1935); and the report of the President's Committee on Civil Service Improvement chaired by Justice Reed (1941). Corresponding improvements in personnel administration were accomplished within their own jurisdictions by the more progressive states and cities.

Advances in Structure and Procedure In line with these efforts toward building a professionally competent and politically nonpartisan civil service have been equally important improvements in administrative structure and procedure. Congress on several occasions took action in the interest of better administration. It gave support to the Commission on Economy and Efficiency under President Taft by creation of a Bureau of Efficiency (1913-1933). It greatly enhanced executive control over the departmental system and strengthened fiscal accountability by passing the Budget and Accounting Act (1921). By giving President Roosevelt a measure of discretion in the Reorganization Act of 1939 Congress enabled him, just before the outbreak of World War II, to simplify the structure of the executive branch and organize his own office in line with the recommendations of the President's Committee on Administrative Management.[15] Similar powers were granted in the Reorganization Act of 1945 in order to adjust the wartime development to peacetime needs.

Under the Reorganization Act of 1939, the more than one hundred agencies of the federal "administrative branch" were for the most part—excepting especially the so-called independent boards and commissions—regrouped into the ten departments and three new combined agencies for social welfare, public works, and public lending. Still more important, the President as administrator-in-chief was buttressed by provision for several administrative assistants and by the establishment of his own executive office in which he found his "arms of management" for budgeting, planning, and personnel. The need for subsequent innovations was recognized in the creation of an Office for Emergency Management as a division of the Executive Office of the President. Most of the great control agencies of World War II were nominally placed within the Office for Emergency Management.

Three main developments symbolize the progress made in raising the

[15] No official publication contains more valuable material on American public administration, whether from the standpoint of analysis or information, than the report of the President's Committee on Administrative Management and its supporting documents. Washington, Government Printing Office, 1937. Louis Brownlow served as chairman of the President's Committee, and Charles E. Merriam and Luther Gulick were its other two members. Although Congress eventually authorized the President to proceed with many of the committee recommendations the Reorganization Act of 1939 at the same time imposed considerable restrictions. Because of the "great debate" among the experts over the auditing function, one should read, along with the Brownlow Report, the report of the Brookings Institution to the Senate Committee (Senator Byrd, chairman) set up to investigate the executive agencies of the federal government, Senate Report No. 1275, 75th Cong., 1st Sess., Washington, 1937.

level of efficiency in state administration. Beginning with Illinois under the leadership of Governor Frank O. Lowden in 1917, approximately half the states in the Union have taken action to unify their administrative organization under the governor. Most of the states have also been obliged to give special consideration to the caliber of management attained by particular state departments in order to qualify for the increasing number of grants-in-aid available from the national government. Lastly, the states have begun to make it a practice, chiefly through the Council of State Governments,[16] to exchange information and experience on all kinds of administrative problems.

The principal improvements in local administration relate, on the whole, either to various phases of municipal affairs or to public education. In the field of urban government, they include the formation in 1894 of the National Municipal League; the strengthening in many mayor-council cities of the appointive and directive powers of the mayor; the impulse given to better municipal management, chiefly during the decade from 1905 to 1915, by the novel commission form of city government; the movement for organized municipal research which started with the establishment of the New York Bureau of Municipal Research in 1906; the widespread drive, commencing more than a generation ago, for the introduction of systematic methods of municipal budgeting and purchasing; the growth of the council-manager plan of city government in the wake of agitation for the commission plan; and the formation over the past three or four decades of national professional associations of all major groups of local administrative officials, culminating in the establishment in 1931 of the Public Administration Clearing House, which at 1313 East 60th Street in Chicago has become an unofficial capitol for state and local administration throughout the country.[17]

Three lines of advance, again, describe the progress in educational administration. These are the well-nigh universal development of the superintendent of schools into the chief administrative officer of the local school system; the formation of the National Education Association and other professional organizations; and, finally, the movement for school districts both large enough in pupil population and strong enough in financial resources to operate programs conforming to acceptable minimum instruction standards. No substantial improvement can thus far be registered for rural administration in general. This is probably due to the fact that, as some of the more important rural functions were partially shouldered by the state, the county continued to give reasonably satisfactory service.

[16] The publication program of the Council of State Governments includes the magazine *State Government* and a periodically issued handbook entitled *The Book of the States.*

[17] Aside from such sources of current information about local administration as the *National Municipal Review* (published by the National Municipal League), the monthly *Public Management* and *The Municipal Yearbook* (both put out by the International City Managers Association), mention should be made of the official organs of the various functional associations within and without the "1313" group

Impact of Emergencies. As tragedy is the test of character in personal life, so crisis is the test of capacity in administration. Accumulation of abuses in both public and private areas threatened to produce a partial governmental crisis in the United States during the decade preceding the opening of World War I. It was largely forestalled by a series of reforms embodied in what Theodore Roosevelt liked to call his Square Deal, by Taft's adherence to "T. R.'s" trust-busting program, and more fully by the measures adopted as a result of Woodrow Wilson's campaign for the New Freedom. However, the coming of World War I, particularly America's entrance into the conflict, put the nation's resources in public administration to a substantial test The country was required on short notice to draft and train a vast army, produce enormous quantities of food and war materials, and raise billions of dollars in loans and taxes. The measure of success achieved may be taken from the subsequent appraisal by the vanquished enemy, "They knew how to wage war." Yet World War I had only one significant permanent effect on public administration: the executive branch never returned to its prewar dimensions either from the standpoint of the number of agencies and government employees or that of its over-all size.

The impact upon public administration of the Great Depression was more momentous because many of the measures taken to cope with it were looked upon as presaging profound changes in the "American system" or the national "way of life" Moreover, the economic crisis affected every level of government and nearly every community, urban and rural, throughout the country. The emergency called for a vast enlargement of the nation's administrative machine and for the exercise of new powers pointing in the direction of greater governmental responsibility for the maintenance of the social and economic structure Demanding closer collaboration between Washington and the states, between the states and the localities, and between the localities and Washington, the emergency also forced something of a transformation within the American governmental system. Competitive federalism began to yield by degrees to cooperative federalism.

How far these changes went and what their permanent effects were destined to be are questions to which there are no precise answers. World War II overtook the United States before the nation had pulled itself completely out of the pit. Instead of shrinking in size or authority, government was vested with greater powers and obliged to expand its activities and personnel beyond any precedent. The end of the war allowed considerable reductions, but under the auspices of a policy of high-level employment we may expect the role of government to remain an extremely important factor in support of national prosperity and well-being.

Tasks of Administration in Mid-Century. America in the middle twentieth century will not and can not return to the old order, be it that of 1929 or 1939. No nation can safely go back; ours does not want to go back. The memory of insecurity and unemployment lingering on from the late

1930's and the knowledge of greatly increased productive capacity developed during World War II have combined to make Americans reject a mere "return to normalcy." They want a world in which a strong international organization can and will prevent war. And such international organization has implications for American public administration. The people also want "full employment." Their determination to attain stable employment means that in the period ahead public administration may be asked to carry burdens harder and heavier than those it has ever carried during the past.

The American economy is today a mixed economy—a blending of private and public undertakings. This interlocking calls for wise public policy and sensitive administration. The public is looking to government for assurance that the national economy will be kept operating at high levels of production and employment. This requires governmental guidance in fiscal policy and carefully planned adjustments at many points of the economy.[18] Here is a challenging mandate for responsible administration, but one that can be met as unparalleled war needs have been met

As the nation approaches mid-century, the crucial question is not whether its public administration will be adequate and efficient, but whether its governmental policies will be sound and enlightened. The danger is not that we might adopt plans and programs so ambitious that government would be unable to find administrators capable of their execution. Rather it is that cleavage and confusion among the people, fostered by selfish groups bent only on their special interest, might destroy the common basis on which elected representatives could agree on a constructive policy for the promotion of the general welfare.

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[18] *Cf* Morstein Marx, Fritz, ed, "Maintaining High-Level Production and Employment: A Symposium," *American Political Science Review*, 1945, Vol. 39, pp. 1119-1179.

CHAPTER

2

The Study of Public Administration

1. The Work of the Pioneers

Beginnings of Administrative Research. Public administration emphasizes the value of the contributions in executing public policy of men and women who, through experience or study, have developed a considerable degree of skill in the administrative process. This process includes the designing of appropriate administrative structures and the organizing of their component units; the formulating of work programs, standards of performance, and ways of measuring results; the budgeting of public revenue and expenditures and the accounting for funds; the recruiting, training, and directing of a suitable staff; the assumption of responsibility for the conduct of operations on the one hand and for planning proposed policy changes on the other, and the making of proper arrangements for the conduct of relations with other administrative agencies, the legislature, private individuals, organized groups, and the general public.[1]

Consideration of these various elements may suggest the existence of an extensive body of cumulative experience, study, and analysis. However, as an organized field of knowledge, public administration in the United States is only forty years old, if its birth date is accepted as 1906, the year the New York Bureau of Municipal Research was established.[2] Creation of the New York Bureau symbolized the beginning of a profession and a science of administration in three essential respects accumulation of descriptive materials about the purposes, powers, structure, and functioning of governmental agencies; application of analytical techniques and technical standards; and employment of a full-time expert staff, prepared to accept

[1] For a full discussion of the range and the elements of the administrative process in this sense, see Gaus, John M and Others, *The Frontiers of Public Administration*, ch 1 Chicago University of Chicago Press, 1936, Gulick, Luther and Urwick, Lyndall, eds, *Papers on the Science of Administration*, New York Institute of Public Administration, 1937

[2] See Weber, G A, *Organized Efforts for the Improvement of Methods in Administration*, Introduction (by W. F. Willoughby) and ch. 1, Washington Institute for Government Research, 1919.

responsibility for recommending specific measures for the improvement of administrative organization and management. For more than ten years the New York Bureau made studies and reports covering almost all the municipal activities of the city. Its methods of establishing working relationships with the city government, of developing productive opportunities for investigation, and of getting its recommendations adopted not only constituted the earliest American experience in continuing administrative research but also set a prototype for use throughout the country.[3]

Waves of Government Reform. The research-bureau movement, of course, did not materialize suddenly out of thin air. It developed after a period of more than twenty years of political agitation and experimentation with political "reform." Most of the reformers were people who, though unwilling or unable to go into politics themselves, thought that the political life of the nation should be purified and that 'better" men should enter public service. The reformers included such advocates of the merit system in government employment as Carl Schurz and Dorman B. Eaton; journalists and publicists like E. L. Godkin, Henry Adams, and Henry Demarest Lloyd; and practical businessmen, lawyers, clergymen, teachers, and other citizens who organized city clubs to promote "good government." These individuals and civic-minded groups left a lasting legacy in the formation and the working approach of our civil service commissions, and other devices of reform. Their political activities were less successful. Although they helped to elect "good" candidates to office in many cities, usually these men were voted out soon and the party bosses came back into power Lacking broad sympathetic support, the independent civil service commissions were in such instances often controlled or isolated by partisan forces.

Thoughtful analysis of these experiences resulted, around the turn of the century, in several more or less systematic inquiries into the facts of governmental life. One form of governmental research was represented by the brilliant newspaper and magazine reports of the "muckrakers," whose exposure of the deeper economic roots of political corruption had a wide if short-lived influence.[4] Characteristic realism and a propensity for quick generalization led these writers to take the simple position that the economic system controlled the politicians; that the politicians controlled civil service commissions and operating officials; and that the remainder of public administration, insofar as it was not dishonest or corrupt, was simply the unimportant routine execution of public business

Organized Dissemination of Knowledge. Another type of research expressed itself in the collection and dissemination of information on munici-

[3] See Gill, Norman N, *Municipal Research Bureaus,* Washington American Council on Public Affairs, 1942

[4] Steffens, Lincoln, *Autobiography,* New York Harcourt Brace, 1931; Whitlock, Brand, *Forty Years of It,* New York Appleton, new ed, 1925, and the autobiographies of Robert M LaFollette, Sr, and Theodore Roosevelt

pal facts and events by the National Municipal League, founded in 1894, and the formulation by that body after 1900 of its standard "model laws" for the organization and powers of local and state governments. The research activities of the League and the more active promotional tactics of its offshoot, the National Short Ballot Organization, were of great assistance to the developing profession of public administration. On the whole, however, these and similar private organizations concentrated on reporting developments in better government structure and the framing of charters, ordinances, and constitutions. They tended to leave the study and improvement of administrative management, processes, and standards to "technicians"[5]

Role of Progressivism A third type of governmental research was associated between 1896 and 1912 with the political movement called Progressivism Progressivism has often been identified with the personalities of its leaders[6] One common bond between them was the conviction that if new policies of economic regulation were to be made to stick, those policies must be removed from the hands of legislative bodies and administered by expert boards on the basis of technical investigation and nonpolitical determination of the facts Early systematic thinking about the independent regulatory commission was linked with Progressivism in the states, and in at least one state, Wisconsin, it was based on close collaboration between the state capitol and the state university This collaboration made possible in 1901 the establishment of one of the first legislative reference libraries in the United States It also paved the way for considerable research and participation by university professors in the drafting of state legislation. The ensuing period witnessed the initial establishment in many states of effective legislation regulating public utilities, workmen's compensation, conservation of natural resources, and conditions of employment

If the trends inherent in the progressive movement prior to 1912 had continued, perhaps the study of public administration would have developed on a subject-matter basis, as separate series of professional or expert techniques, each peculiar to a distinct area of economic policy. What actually happened, however, was something different Development of the theory of the administrative process exemplified by the independent regulatory commission was largely taken over by the economists and lawyers, while the political scientists divided themselves into two groups. One group busied itself with structural problems in the relations between the federal govern-

[5] For a valuable survey, see the Fiftieth Anniversary Issue of the *National Municipal Review* November 1944

[6] *Cf* Croly, Herbert, *Progressive Democracy*, New York Macmillan, 1915, which is perhaps the best statement of its political program See also Chamberlain, John, *Farewell to Reform*, New York Viking, 1933, Bowers, C G, *Beveridge and the Progressive Era* Boston Houghton Mifflin 1932 Progressivism was really faith in a method, rather than a coherent philosophy or economic program, coupled with an abiding belief that the people would support expert administration if properly led and given the facts by responsible political leaders

ment and the states, state control over local government, political executives and the legislative body, and the proper organization of the executive branch. The other joined forces with the municipal research-bureau movement in the conviction that progress toward good government would follow only from full-time detailed study and technical analysis of the methods of conducting the government's business.

Contribution of the Universities. The contribution of the universities to the rise of public administration was rather indirect, with the exception of a few outstanding individuals. Woodrow Wilson contributed his pioneer paper entitled "The Study of Administration" to the infant *Political Science Quarterly* in 1887. James Bryce is said to have drawn heavily upon the series of Johns Hopkins studies in historical and political science (beginning in 1882), as well as upon the services of Professor Frank J. Goodnow, in preparing his influential *American Commonwealth* (1888). Many students of Simon Patten at the University of Pennsylvania, Richard T. Ely and John R. Commons at Johns Hopkins and Wisconsin, A. L. Lowell at Harvard, and of the faculty of History, Government, and Public Law at Columbia University, later distinguished themselves in the practice and literature of public administration. However, during the earlier period the study of government and politics was just disentangling itself in the college curriculum from philosophy, political economy, and a jurisprudence dominated by the private law of property.[7]

The academic progenitors of public administration in the eighties and nineties were economists, political scientists, and sociologists who taught their students how to analyze the economic and political processes through which public authority is exercised, without much speculating about the concepts of political philosophers and supreme court judges. Even so, legal materials constituted so much of the subject matter with which students of government dealt in those days that Goodnow, who is generally considered the father of American public administration, wrote most of his books in the fields of administrative and constitutional law.[8] If it is conceded that a true profession of public administration could not have arisen until after trained men began to study at first hand the working processes of government, then contemporary students surely owe to their academic forefathers a large debt for their critical and realistic temper, their aware-

[7] See Beard, Charles A., *Economic Interpretation of the Constitution*, Introduction, New York: Macmillan, rev. ed., 1932; Dorfman, Joseph, *Thorstein Veblen and His America*, esp. chs. 3–6, New York: Viking, 1934; Merriam, Charles E., *American Political Ideas 1865-1917*, New York: Macmillan, 1920.

[8] See Fairlie, John A., "Public Administration and Administrative Law," ch. 1, in Haines, Charles G. and Dimock, Marshall E., eds., *Essays on the Law and Practice of Governmental Administration*, Baltimore: Johns Hopkins Press, 1935.

ness of the institutional determinants of public policy, and their distrust of the legalistic approach.[9]

2. The Advancement of Knowledge

Relativity of Efficiency. Full-time research bureaus were established in twelve large cities between 1906 and 1915. Their slogan was efficiency and economy. The experience of their staffs in administrative research soon revealed the fugitive nature of this objective, when conceived as a source of immediate reduction in governmental expenditure. It was discovered that efficiency and economy had to be achieved primarily as a by-product of getting at the basic facts of administrative purpose, structure, and procedure. Leaving out instances of outright venality and political privilege, it was found that there was always a certain degree of efficiency in existing methods and routines. Apart from the question of whether a given function should or should not be performed, the goal of efficiency and economy raised the question of purpose—that is, whether procedures were to be considered from the limited standpoint of particular operators and particular interests or from that of the public purpose the individual agency was supposed to achieve. Thus research-bureau workers were led to a search for principles of management in order to secure acceptance for those practices which advanced the purpose of the organization as a whole, as compared with procedures and habits which had grown up for historic reasons or had been established by operators with narrower objectives in view.

For example, from the angle of a municipal department head, it might be preferable to go directly to the city council for funds. Broader perspective would be necessary for him to envision the advantages of budgetary coordination at a central point. Yet only thus could a balanced consideration of the work plan of the city government as a whole be attained before submitting the estimates of expenditure to the council. In the same way, individual officials did not mind the scattering of similar functions among several agencies and the existence of varying methods of performing similar operations by different organizations. Yet there was obvious merit in the principle that functional consolidation and establishment of uniform standards be secured in the larger interest, even at the expense of particular offi-

[9] Organizations of public officials such as state and local health officers, police chiefs, superintendents of insurance and tax and educational administrators existed before 1906. These early organizations were in many cases more social groups than promoters of research in the standards of their profession, however, and they were separatist and vocational in interest. See White, Leonard D., *Introduction to the Study of Public Administration*, ch. 27, New York: Macmillan, rev. ed., 1939, and *Trends in Public Administration*, chs. 20, 22, New York: McGraw-Hill, 1933. Earlier events and personalities in the literature of public administration are discussed in Gaus, John M., *A Memorandum on Research in Public Administration*, Social Science Research Council, 1930, unpublished; Short, Lloyd M., *The Development of National Administrative Organization in the United States*, Washington: Institute of Government Research, 1923.

cials who might have achieved considerable efficiency within their own operations. Economy was not simply a matter of eliminating functions or services, most of which were ardently supported by citizen groups, but one of giving proper consideration to the specific question of whether particular expenditures were or were not justified.

Use of Outside Experts. Thus administrative research tried to develop principles and techniques of public management. The executive budget, personnel classification and salary standardization, and centralized purchasing all found systematic application and expansion in local governments in the decade following 1906.[10] It was wholly natural that Dr Frederick A. Cleveland of the New York Bureau of Municipal Research was appointed by President Taft in 1910 to direct the work of the United States Commission on Economy and Efficiency. The Commission and its staff for the first time applied to the entire executive branch of the federal government the full measure of painstaking research into administrative duties, organization, procedure, and housekeeping methods, exhibiting in a long series of factual monographs the results of detailed legislative control over the departments In his final report, Dr. Cleveland formulated what is perhaps the classic statement of the purpose of the executive budget as a scientific tool of administration,[11] a contribution which laid an early foundation for the Budget and Accounting Act of 1921. Similarly, the Congressional Joint Commission on Reclassification of Salaries drew heavily upon the experience of the local research bureaus in their work of job description and classification; on that foundation was built the scheme embodied in the Classification Act of 1923—a guidepost for federal personnel administration[12]

The drive for administrative reorganization of state governments began in 1909 Staff work and reports in preparation for the New York and Illinois Constitutional Conventions of 1915 and 1917 were notable especially for the quality and method of research.[13] These reports documented three early premises of organizational thinking (1) concentration of responsibility by consolidating functions into a small number of departments, each headed by a single official appointed by and responsible solely to the chief executive; (2) functional integration by grouping similar or related activities into the same department; and (3) centralized controls over finance, government purchasing, and personnel. Executive responsibility for administration was the dominating theme Coupled with the short ballot, the executive budget,

[10] *Cf* White, *Trends* (cit in note 9), pp 218 223, 255 257

[11] The Need for a National Budget, 62nd Cong, 2nd Sess, House Doc No 854, Washington, 1912 *Cf* also his *Organized Democracy*, New York Macmillan 1913

[12] See 66th Cong, 2nd Sess, House Doc No 686, Washington, 1920 *Cf* also Personnel Classification Board, *Closing Report of Wage and Personnel Survey*, Washington Government Printing Office, 1931

[13] *Cf* Buck, A E, *The Reorganization of State Governments in the United States*, New York Columbia University Press, 1938, Holcombe, Arthur N, *State Government*, New York. Macmillan, 3d ed, 1931, New York Bureau of Municipal Research, *New York State Constitution and Government An Appraisal*, New York, 1915

and application of the merit system to all but politically appointed department heads, these main propositions conceived as principles were applied with variations in about half the states between 1917 and 1932. Many of the changes were based upon recommendations derived from surveys by three private organizations staffed with specialists in administrative analysis: the Institute of Government Research of the Brookings Institution (Washington), the National Institute of Public Administration (successor to the New York Bureau of Municipal Research), and Griffenhagen and Associates (Chicago). Their surveys usually resulted in thorough, factual reports, with recommendations based on intensive analyses and classifications of activities into major functions. Such reports were filed with the governors or legislative bodies for appropriate action.[14]

Entirely aside from the general rule that the professional staffs of investigators were to take no active part in getting their recommendations adopted, the principles recommended in most of the state surveys came in for quite a bit of criticism. It was questioned whether the political executive would have the time or inclination to become a general manager for administration. The notion that the voters would ever choose their mayors, governors, or presidents on the basis of administrative competence was ridiculed. Doubts were raised as to whether the political head should be entrusted with authority over all finance and personnel matters. Finally, instances were pointed out in which there were persuasive reasons for preferring administrative boards over single-headed agencies.[15] This debate revealed the confusion and ambiguity of concepts and of scientific methods that had crept into the thinking of students of public administration.[16]

Challenge to Traditional Approach. By assuming a separation of policy-making from administrative efficiency, the investigators had tried to arrive at valid principles, at least on the technical level of operations. However, validity of principles depends upon agreement: (1) on the diagnosis of the problem; and (2) on the objective sought by the investigators. The argu-

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[14] The capstone of this kind of outside survey work, in method and result, was the monumental study of the entire area of federal administration by the Brookings Institution for the Senate (Byrd) Committee Investigating Executive Agencies, 75th Cong., 1st Sess., Senate Report No 1275, Washington, 1937

[15] See Hyneman, Charles S., "Administrative Reorganization: An Adventure into Science and Theology," *Journal of Politics*, 1939, Vol 1, p 62 *ff* Walker, Harvey, 'Theory and Practice in State Administrative Reorganization,' *National Municipal Review*, 1930, Vol 19, p 249 *ff*, Coker, Francis W., 'Dogmas of Administrative Reform," *American Political Science Review* 1922 Vol 16, p 399 *ff*

[16] See Beard, Charles A., "Administration A Test of Ideal and Power," ch 10, in his *Public Policy and General Welfare*, New York Farrar & Rinehart, 1941 The best survey and analysis of the literature of public administration from a methodological standpoint is Waldo, C Dwight, *Theoretical Aspects of the American Literature of Public Administration*, unpublished Ph D. thesis at Yale University, 1942, esp pp 82 92 (scheduled for early publication) *Cf* also Wallace, Schuyler C, *Federal Departmentalization*, New York Columbia University Press, 1941, Simon, Herbert A. "The Proverbs of Administration," *Public Administration Review*, 1946, Vol. 6, p 53 *ff*

ments over state reorganization in the 1920's foreshadowed the famous conflict in 1937 and 1938 between the President's Committee on Administrative Management and the Brookings Institution Both situations illustrate the degree to which broad agreement upon a great many concrete propositions for administrative improvement can be distorted by differences over the priority of problems and by the intrusion of political issues and value judgments which may or may not be relevant to specific proposals. The President's Committee eschewed the survey method of functional analysis and classification which the Brookings Institution had utilized; it selected its objectives in terms of the problems conceived by its sponsor and his advisers to be of compelling importance Both its investigations and its recommendations sought to develop answers to these problems

The 1937-1938 debates have caused most students of administration to recast their notions of public management as a science of "principles" The conception of the scientific investigator—one standing apart from his material of human beings while making his inquiries; collecting, sifting, testing, and weighing his facts and ultimately arriving at the most reliable conclusions—has somehow been found problematical in governmental research It was based in part upon Frederick W Taylor's ideas of scientific management,[17] which called for the study and formulation of the proper methods of job performance in advance, followed by adjustment of the human factor to those methods This approach or technique was developed and applied to the details of specific job operations at the shop level by a trained engineer or superintendent within the factory hierarchy with authority over the workers It lacks applicability to management research into program questions Conditions are different when the research staff is wholly outside the hierarchy of responsibility and has no powers or sanctions over the human element other than publicity and persuasion The same is true when the purpose of analysis is not to improve job performance, but to achieve proper structural relationships A different condition also prevails when the objective of study is not to help the operating official do a better job, but rather is to change his job Moreover, although being outside the government has certain advantages of freedom and public pressure, it presents extremely difficult problems in developing and maintaining working contacts with operating officials Publicity is a one-shot weapon which, when improperly used, may result in the destruction of working relationships

Rise of Administrative Self-Analysis. Two main developments have

[17] Taylor's main work is *The Principles of Scientific Management* New York Harper, 1919 See also Cooke, Morris L, Influence of Scientific Management Upon Government, *Bulletin of the Taylor Society* 1921, Vol 9, pp 31 38 Pearson, Norman M, Favolism As the Necessary Complement of Taylorism, *American Political Science Review,* 1945, Vol 39, p 68 *ff*

arisen to modify the methods of citizen research agencies.[18] One was signified by the creation at Chicago in 1933 of the Public Administration Service. PAS emphasized the importance of work planning and scheduling in administrative operations. It also specialized in the development of units of work measurement and systems of administrative reporting which its staff stood ready not only to recommend but to install.[19] This approach was based on a conviction of the higher value of helping the administrator to meet his needs, rather than redrawing organization charts and reshuffling functions.

The other source of competition with traditional administrative research is the development during the twenties and thirties at all levels of government of specialized staff facilities as official agencies of management research. The work of continuous study of governmental organization and operations as a basis for the annual scrutiny of departmental budget estimates; the supervision of the methods of approving and recording obligations and expenditures; the application of the personnel classification plan to the recruitment, selection, promotion and transfer of employees—these and similar central staff activities are in sum a continuous process of research into the programs and methods of the various agencies. Perhaps the outstanding contribution of the President's Committee on Administrative Management was the way in which it highlighted the value of staff and control agencies as tools of coördination for the chief executive. Its report reviewed the federal experience of twenty years with the Bureau of Efficiency (1913-33) and laid the foundation for the program of the Budget Bureau's Division of Administrative Management after 1939.

Consolidation of central responsibility for general efficiency in the agency of budgetary coördination symbolizes another aspect of strengthened governmental management. Staffs engaged in recurrent processes of agency coördination are stimulated by an energetic group of management-minded colleagues who are freed from day-by-day responsibilities to make intensive analyses of specific problems, supplementing the knowledge gained in ordinary budgetary relationships with the operating departments. This catalytic function of a management staff, coördinated with the units of budgetary, statistical, and other government-wide controls in the Executive Office of the President, represents the latest development of federal ad-

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[18] *Cf.* the discussion presented in "Better City Government," *Annals of the American Academy of Political and Social Science*, 1938, Vol. 199, pp. 171-189; Proceedings of the Governmental Research Association, *Governmental Research and Citizen Control of Government*, Detroit, 1940.

[19] Ridley, Clarence E. and Simon, Herbert A., *Measuring Municipal Activities*, 2d. ed., Chicago: International City Managers Association, 1943; National Committee on Municipal Reporting, *Public Reporting*, New York: Municipal Administration Service, 1931; Public Administration Service, *The Work Unit in Federal Administration*, Chicago, 1937; Stone, Donald C., *The Management of Municipal Public Works*, Chicago: Public Administration Service, 1939.

ministrative planning.[20] It affords the President the benefit of a general-staff approach in the exercise of his administrative responsibilities.

The decade of the thirties thus witnessed a shift of the center of gravity in governmental research from private citizen-supported agencies outside the government to central staff agencies within the government itself. At the same time, there rose a trend away from the idea of central agencies as direct controllers of line officials toward the concept of central assistance in line operations by clarification of administrative objectives, stimulation of work planning and scheduling, and cooperation with departmental managers in establishing units of measurement and standards of performance. The information about agency activities derived from these processes makes available to the chief executive an invaluable flow of ideas divorced as nearly as may be from vested departmental interests. However, thus far the potentialities of executive staff planning as a focal point of leadership and direction in formulating substantive policy have not yet crystallized beyond stimulation, advice, and raising of issues.[21]

Reaffirmation of the Political Context After forty years of research, development of tools of administrative analysis and control, and evolution of a professional spirit among students and practitioners of administration as such, it is not surprising that speculation has arisen about the fitness of persons experienced and trained in the administrative arts to contribute to the formulation of policy. This is one of the great unsettled issues of administrative theory. General discussions about the "managerial revolution" have drawn attention to it, but have imputed a greater assurance and solidarity among the elements comprising the managerial groups than actually exists. The issue is bound up with other complex problems. These include: (1) the appropriate code of behavior in the area intermediate between the setting of administrative policy under law and legislative policy-making; (2) the proper balance between the judgments of subject-matter experts and line operators on the one hand and those of management planners and staff experts on the other; (3) the claims of the lawyers in the entire realm of law-making and rule-making; and (4) the nature of "bureaucratic ideology." On this last point, some feel that administrative agencies are responsible for achieving desirable social purposes and may

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[20] *Cf.* Willoughby, W. F., *Principles of Public Administration*, ch. 5, Washington Institute of Government Research, 1929, Jump, W. A., 'Budgetary and Financial Administration in an Operating Department of the Federal Government,' Proceedings cit. in note 18, p. 78 *ff.*, Stone, Donald C. Federal Administrative Management, 1932-42. *Transactions of the American Society of Mechanical Engineers* 1943 Vol. 65, p. 242 *ff.*, Macmahon, Arthur W., "The Future Organizational Pattern of the Executive Branch," *American Political Science Review*, 1944, Vol. 38, p. 1179 *ff.*

[21] For a discussion of policy planning as distinct from administrative planning, *cf.* Key, V. O., 'Politics and Administration,' in White, Leonard D., ed., *The Future of Government in the United States*, Chicago: University of Chicago Press, 1942. The wartime development of the Office of Economic Stabilization and the Office of War Mobilization and Reconversion is significant in the functional differentiation between the two forms of planning.

have to fight for them. Others think administrative agencies should confine themselves to getting their assignments done within the policies established by the legislative body.

Discussion over the past fifteen years of such questions as those of administrative finality, administrative discretion, and administrative responsibility[22] reveals a shift in administrative research. Concern with technical expertness and specialized experience has yielded to study of the factors involved in the management of an organization and the objectives or values toward which governmental organizations should strive The assumption of thirty years ago about the role of public administration in a democratic society is no longer controlling Then the whole argument rested on the thesis that democracy and efficiency in administration were not incompatible The question was how to make democratic administration efficient and effective in the face of arbitrary political interference in administrative matters Today it is assumed that the criteria of efficiency in democratic administration are broader than and superior to technically sound procedure and financial economy in the execution of established policies

The importance of technical competence and professional standards is not underestimated. However, the tests of adequate administration are thought to go beyond the accomplishment of statutory purposes It is argued that administrative activities should be studied with a view to defining emerging problems and developing policy recommendations to meet demands for new services or types of regulation It was not a bureaucrat but a farsighted and successful businessman who pointed out that administrative ability of the highest order is required for attainment of greater social unity—the unity that comes from general understanding and satisfaction on the part of all groups with respect to the constructive planning and coordination of public services by their government.[23]

3 Training for Public Administration

Educational Aspects The advancement and maturity of public administration as a profession may be appraised, apart from its assumptions and its techniques, by the types of training provided and the standards of admission required of aspirants for entrance Of course, there is no single vocational group of administrators in the public service. This

[22] See Gaus and Others, *op cit* in note 1 chs 6 and 7 Landis James M, *The Administrative Process,* New Haven Yale University Press, 1938 Friedrich Carl J, "Public Policy and the Nature of Administrative Responsibility in Friedrich, C J and Mason, Edward S, eds, *Public Policy* pp 3 24, Cambridge Harvard University Press, 1940, Finer, Herman, "Administrative Responsibility in Democratic Government *Public Administration Review,* 1940, Vol 1, pp 335 49

[23] Dennison, Henry S, The Need for the Development of Political Science Engineering,' *American Political Science Review* 1932 Vol 26 p 211 *ff* See also Merriam, Charles E, 'The New Management, in his *The New Democracy and the New Despotism* New York McGraw Hill 1939

service includes every profession and every skill within the range of functions and activities performed for the community. Yet proper training for government work has been a matter of deep interest among the organizations of public officials and the political science departments in colleges and universities all over the country. In the course of the last twenty-five years there has been an increasing crystallization of ideas and methods of approach.

However diverse the forms of government action may be, the management of public business is recognized as a field of career activity for which it is possible to provide training and incentives to attract the highest ability in the population. In an authoritative survey,[24] Professor George A. Graham takes the position that training for public administration is not a special professional apprenticeship but part of the broad problem of educational policy. Its ideal is continuous growth and widening experience for the able individual as he prepares himself to meet successive tests of competence for tasks of greater responsibility To attract ability and talent into the public service, government-recruitment should be coordinated with graduation from the several levels of school and college. Public personnel agencies should encourage efforts on the part of government workers to advance themselves by providing training facilities both for appropriate specialization and for widening their intellectual horizons

Such a policy would not favor the establishment of a separate program in educational institutions emphasizing preparation for the public service exclusively It would, on the contrary, foster efforts to establish a university-wide program of guidance, information, and flexible interdepartmental arrangements for selection of courses, standards of examination, and requirements of evidence of creative ability[25] Similarly, after entrance into the public service, there would not be a special staff college for prospective government managers only Rather, there would be a process of sifting, competition for opportunities, forward-looking supervision, and promotion across divisional or departmental lines, based upon a service-wide policy under the direction of the central personnel agency

Public administration is not identified by a distinctive technique of its own, a single type of activity, or a unified subject matter upon which agreement can be reached for purposes of establishing a special curriculum. On the contrary, at the undergraduate level, substantial agreement exists that a broad liberal education is the best prescription. It should include a realistic awareness of the operation of economic institutions and the role of government in modern society, supplemented if possible by some work in statistics or accounting It should stress the ability to speak and write

[24] Graham, George A *Education for Public Administration*, Chicago Public Administration Service 1941

[25] *Cf* Lambie, Morris B ed, *Training for the Public Service*, Chicago Public Administration Service 1935

the English language effectively. This would be a better preparation than training for a specific job.[26] In postgraduate work, all types of professional schools are potential sources of recruits for government work. Professional training in the natural sciences, engineering, education, medicine, social work, law, economics, and governmental research, culminating in professional degrees, is increasingly accepted as experience which civil service commissions will consider as qualification for intermediate positions in the classified service. In pre-entry training for public service, therefore, we find little disposition to provide a specific occupational preparation.

Contrast with Great Britain. Since the University of Minnesota Conference in 1931, much attention has been devoted to the question of whether the elements of management constitute a subject matter that can be taught apart from application to technical fields of administrative activity such as public health, public works, public welfare; and, if so, whether it would qualify the student for administrative work.[27] Actually, no program of training for public service has attempted to teach the knowledge and art of management in a vacuum. Syracuse University, perhaps the outstanding example of a special program of graduate training aimed at government service, uses the block or "end-on-end" method of instruction to impart both the techniques of management and understanding of special areas of subject matter. Its graduates have found ready markets for their services, particularly in budget and personnel agencies.

Recruitment for the civil service in the United States has never followed the lines recommended by the Northcote-Trevelyan and Macaulay reports for Great Britain in 1853-54.[28] These reports advocated the recruitment of the top men in the graduating classes of the British universities, regardless of the subject of specialization, for the highest administrative positions in the civil service, coupled with a suitable period of post entry training and qualification. In this country, at least up to 1934, the policy of civil service recruitment has been based upon the assumption that government work can be classified into occupational groupings within vertical services. After the amount of training and experience required for the job classification within each such service has been determined, qualified applicants are recruited by competitive examination as positions become vacant. This policy places a premium upon professional or vocational experience. A good deal of

[26] See White, *Introduction* (cit. in note 9), pp. 356-360; Sims, Lewis B., "The Social Science Analyst Examination," *American Political Science Review*, 1939, Vol. 33, pp. 441-450.

[27] *Cf.* Merriam, Lewis, *Public Service and Special Training*, Chicago: University of Chicago Press, 1936; Upson, Lent D., *Practice of Municipal Administration*, New York: Century, 1926, Walker, Harvey, *Public Administration in the United States*, pt. III, New York: Farrar & Rinehart, 1937.

[28] See Eaton, Dorman B., *Civil Service in Great Britain*, New York: National Civil Service Reform League, 1881; White, Leonard D., and Others, *Civil Service Abroad*, New York: McGraw-Hill, 1935; Stout, Hiram M., *Public Service in Great Britain*, New York: Harcourt, Brace, 1938; Kingsley, Donald, *Representative Bureaucracy*, Yellow Springs: Antioch Press, 1944.

criticism has been leveled against it on the ground that in the absence of clear career lines able young men and women of general competence, lacking specific experience, are likely to look elsewhere for their life work.

The decade from 1934 to 1944 was notable for the efforts made to improve the quality of intake in the lower grades of the public service. In 1934, largely at the instigation of Commissioner Leonard D. White, the United States Civil Service Commission conducted an examination for junior civil service examiner, for which post academic training constituted the principal requirement. In 1936, a broader category of social science analysts was established as a register from which appointments might be made by departments seeking general ability rather than specific experience. From January, 1935, through March, 1939, more than 5,000 such junior professional appointments were made by federal agencies.[29] In 1934, the National Institute of Public Affairs was established in Washington; annually it offered about fifty men and women just out of college the opportunity to study at first hand the operations of federal agencies in the capacity of learners, or interns. Programs of municipal internship also received impetus and encouragement at such institutions as Syracuse University, Wayne University, and the University of Cincinnati. Apprenticeship programs were experimentally developed by several of the national organizations of public officials associated with the Public Administration Clearing House at Chicago, the Michigan Municipal League, and Los Angeles County.

Post-Entry Training. Most of the present activity and support of preentry preparation for public service is aimed at the college population. Post-entry or in-service training remains the main opportunity of advancement for the lower-paid ranks in public employment, particularly in the clerical and manual occupations Universities, where located in proximity to large groups of government workers, such as Southern California, have established courses for public employees, particularly in the fields of budgeting and accounting, police and fire administration, tax assessment and sanitary inspection. A source of financial aid is available to states and municipalities under the George-Deen Act of 1936 for vocational training in public service occupations.[30]

In the national capital the outstanding program of in-service training is that of the Department of Agriculture's Graduate School, whose curriculum and faculty provide some of the best technical courses in public administration in the country. American University and George Washington University, also at the seat of the federal government, offer evening

[29] Report of President's Committee on Civil Service Improvement, 77th Cong., 1st Sess., House Doc. No. 118, p. 25, Washington, 1941. Less than half (2,421) of these appointments were made from other lists built up from the usual kind of competitive examination.

[30] See United States Office of Education, *Digest of Annual Reports of State Boards for Vocational Education*, pp. 61-62, Washington, 1942-1943.

courses in practically all the social sciences. With the several law schools, they have trained many men and women who started as clerks and messengers for higher administrative and professional positions. In the federal service, post-entry training is not highly formalized.[31] It consists, for the most part, in encouraging enterprising individuals to seek additional education outside their jobs rather than establishing in-service programs directly related to the official machinery for promotion

Group Structure of the Public Service. Perhaps the main reason why post entry training has not been more closely coordinated with official channels of advancement lies in the American distaste for formal division of the public service into relatively closed classes around which real career incentives might develop The Commission of Inquiry on Public Service Personnel proposed separate careers for administrative, professional, clerical, skilled trade, and unskilled employees These proposals have never received the serious public attention they deserve [32] In spite of careful explanations that an administrative class would serve as a vertical ladder leading from junior staff positions or below to administrative assistants and on to the top, the impression continues to prevail that such an arrangement would reserve the top positions under the political secretaries and assistant secretaries for a special group who would be favored at the expense of able persons in the clerical, technical, or professional services

Regardless of the merits of this objection, it is clear that a systematic solution could be worked out if law and personnel policy permitted training for administrative work as distinguishable from professional, technical, or scientific duties Until such differentiation is adopted in American personnel practice, however, top administrative positions will be filled both by appointment from outside the service and by promotion from the ranks of professional and technical employees Under these conditions, pre entry programs of training for public administration will have to rely more upon general motives of public service and increasing job opportunities in government than upon the specific attractions of a career in management.

Higher Career Opportunities. Even without legislative sanction of an administrative class, much could be done by a central personnel agency to maintain such an ideal as a long range objective Constructive suggestions looking forward to the establishment of an "administrative corps" were made by the Reed Committee on Civil Service Improvement in 1941.[33] These included identification of positions in specified grades as a group;

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31 For a recent development see Reining Henry Jr 'The First Federal In-Service Internship Program, *Personnel Administration* 1944, Vol 7, p 8 *ff*

32 *Better Government Personnel* pp 5 6, 37 47, New York McGraw Hill, 1935.

33 77th Cong 1st Sess House Doc No 118, p 3 56 62, 66 97, Washington, 1941 See also White, Leonard D *Government Career Service* Chicago University of Chicago Press, 1935 The Council of Personnel Administration and the Advisory Committee to the Civil Service Commission on Administrative Personnel have attempted to follow through on the Reed Committee's proposals on a higher administrative service

maintenance of an inventory of personnel in these positions for use in making appointments to higher administrative posts; reporting of vacancies in higher positions; recommending candidates with tested qualifications to appointing officers; and follow-up on action. It was asserted that tapping and training personnel for positions in the lowest grade of the administrative group should be a continuing objective of agency personnel officers at all times, while a liberal policy permitting transfer of such personnel between agencies would widen their experience and develop general administrative skill. The major obstacle to adoption of these suggestions is the difficulty of finding enough departmental personnel officers willing and able to coöperate on an informal basis, particularly in the face of strong pressure upon each to place his own agency's needs above the requirements of the service as a whole.

One way of raising the question of whether the federal service needs an administrative corps would be to ask if such a pool of talent could have produced adequate competence to plan and direct the civilian side of operations during World War II. War experience is not wholly conclusive because of the vast expansion of government. Yet it is worth noting that, with but rather few exceptions, the higher administrators in the war agencies came from the other branches of government or from the outside. In civilian recruitment, the Civil Service Commission at an early stage suspended its usual procedures. It authorized the war agencies to appoint personnel subject only to investigation and certification as to general qualifications. Moreover, in their procurement and supply operations, the War and Navy Departments commissioned thousands of civilians to perform administrative tasks. We reached everywhere for administrative talent.

In establishing its wartime organization the federal government implicitly admitted that peacetime agencies and their personnel could not primarily be relied upon to plan and direct the civilian phase of warfare. While a fully developed administrative service would not by itself have made unnecessary the creation of emergency agencies, it might well have prevented or substantially minimized the administrative crises and continuous improvisation that characterized the first two years after Pearl Harbor. The essential lesson of American wartime personnel experience was that we were short of men and women who possessed the ability to envisage the problems ahead and formulate decisions in advance of crisis situations.

Perhaps the most compelling peacetime consideration in favor of a higher administrative career is the continuous loss to government of able younger employees who, having developed their talent within the public service, leave for more responsible and more challenging work in private enterprise.

4. The Frontiers of Research

Function Versus Structure. The accumulation of research materials and the maturation of administrative research during the thirties produced

both a textbook systematization of knowledge and considerable philosophic inquiry into the nature, purpose, and scope of public administration. The textbooks revealed preoccupation with such matters as the symmetry of administrative structure and the procedures of good administrative housekeeping. They also raised the question of whether public administration consisted of nothing more than an exposition of abstract principles of organization and a body of experience aimed at training budget and personnel officers. Was this the whole meaning of public service, and the basis for attracting ability into government employment?

The experience of management research in private industry had revealed the error of stating principles of organization as ends, or even as major purposes. Industrial management now starts from an assumption about the basic purpose of the organization as a whole. It encourages research to develop the best ways and means of achieving that purpose. Paralleling this approach, government research turned to the public purpose sought to be achieved. In it was seen the rationale for organization, the planning of operations, the creation of staff units to facilitate operations, and the establishment of goals and standards as well as methods of measuring results in relation to the standards selected.

This analysis of management shifts the emphasis from structure to function. It also defines the key problem as the establishment of effective working relations between the component parts of the organization.[31] The emphasis upon planning and coordination as essential elements of management helped to reorient the thinking of public administration toward the functions of top direction. Thus the budgeting and personnel functions presented themselves as techniques of work planning and coordination, and as training areas for potential managerial talent, rather than as central concerns of the public administrator.

Man in Organization. Discussion of the elements of organization, however realistic, aims at some invariant ideas on basic points for thinking and hence tends to depersonalize the problems of management. Arthur W. Macmahon and John D. Millett developed a more productive approach through an analysis of the role of personalities in the major departments in the federal government.[32] Their idea was that a description of background, training, and career experience of administrators at the levels of bureau chief and assistant secretary should adduce useful evidence of managerial traits. The result was an extremely valuable interpretation of varying types of administrative supervision and departmental coordination arising from the diversity of personal development and the adjustments made by key officers.

[31] *Cf.* Person, H. S., ed., *Scientific Management in American Industry*. New York: Harper, 1929. Mooney, James D. and Reiley, Alan C., *Onward Industry*. New York: Harper, 1931, and *The Principles of Organization*. New York: Harper, 1939. Dennison, Henry, *Organization Engineering*. New York: Dutton, 1931.

[32] Macmahon, A. W. and Millett, J. D. *Federal Administrators*. New York: Columbia University Press, 1939.

The new approach illustrated the impact of personality upon organization. It extracted the common elements of managerial experience gained in attempting to create departmental unity out of separate bureau operations.

Biographical research was also utilized by Gaus and Wolcott in their monumental study of the United States Department of Agriculture.[36] Instead of drawing wider inferences from personal data, however, Gaus and Wolcott used such material as one among several colors with which they painted the panorama of administrative evolution through seventy years of political response to powerful economic and technological pressures. Their study opened broad vistas of research opportunities in administrative history, focused on the positive role of a public agency in bringing professional and scientific tools to bear upon the economic problems of a large segment of the population It offered chapter-and-verse illustrations of the way a public agency formulates broader programs and policy, leading onward toward constructive public service through the educational character of its own experience The authors did not close their eyes to the barriers interposed by strong influences in favor of retaining the earlier concepts of protective, group-centered regulation The literature contains no finer treatment of public administration as the crucible of collective experience for clarifying legislative goals and for developing the techniques of translating objectives into administrative instruments for constructive action.

Theory of Relationships. The lifting of the sights of administrative research to focus upon the social and economic environment has been largely due to the penetrating writings of Mary Parker Follett and the more systematic work at the Harvard Business School under the leadership of Elton D Mayo Miss Follett's earlier work in political and social theory had led her to a keen appreciation of the influence of organization in modern society At the same time she had reacted strongly against the ideologies of group and class conflict which constituted both factual explanation and political hope for many intellectuals who were aware of antisocial policies and controls over modern large scale production. During the last fifteen years before her death in 1933 she became interested in business management and organization as a field for application of the principles of unity and organized cooperation that she had developed in her political studies.

In this new field of interest she was impressed much more with the conditions tending toward cooperation in the behavior of men working in groups than with assumptions about inevitable conflicts of interest. In a series of provocative papers and lectures she showed how management, by acting on the premise of unity in organized effort instead of merely paying lip service to it, could gain tremendous strength in mobilizing individual

[36] Gaus, John M and Wolcott Leon O, *Public Administration and the United States Department of Agriculture* Chicago Public Administration Service, 1940

energies for a common purpose.[37] Pervading all her thinking was the idea that individuals at each level of authority in an organization can be conditioned to think in terms of unity. However, management would have to make the effort to enable them to sense and understand their contribution to the common enterprise. It was Mary Follett's abiding faith that the factors tending toward disunity and internal conflict can be faced frankly; that to this end enlightened management will open up channels for collective consideration of the conditions in which frictions arise; and that such frictions stem for the most part from the frustrations and disappointments of individuals working under conditions out of which they derive no sense of personal creativeness or contribution.

The research of the Harvard Business School into the springs of human motivation in business organizations has given us the benefit of a scientific documentation of Miss Follett's insights.[38] These studies applied to industrial research both anthropological findings and sociological concepts, and added much sophistication as to the meaning of scientific methods of investigating social relations. The record of the Harvard team's association with the Western Electric experiments in personnel relations constitutes perhaps the high-water mark of intensive research into group behavior under controlled conditions. It is impossible to summarize this work adequately, but a few outstanding findings may be mentioned:

> First, there is in each organization a system of informal personal relationships which condition work habits and attitudes more effectively than the official hierarchy of authority. The student must develop techniques of observation and interview to enable him to grasp the essential quality of the organization under attention. A measure of his own effectiveness is the degree to which he is accepted within the system and is able to enlist the collaboration of those whose organizational behavior he is studying.
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> Second, large organizations consist of many working groups, each small enough to effect cohesion. Morale centers around such groups, where direct personal relationships function in relation to a set of nonlogical or emotional incentives and standards. These group standards must be integrated with the purpose of the organization as a whole and not permitted to develop intergroup conflicts. Effective management must not only recognize and give status to each rank in its own social structure, but also be sure to establish channels of communication between each group and the center of direction in the organization.
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> Third, the function of attaining a sense of interrelatedness between the working groups composing the organization as a whole is a full-time

[37] Her collected papers are reprinted in Metcalf, H. C. and Urwick, L., eds., *Dynamic Administration*, New York: Harper, 1941.

[38] *Cf.* Mayo, Elton D., *The Human Problems of an Industrial Civilization*, New York, Macmillan, 1933; Whitehead, T. N., *Leadership in a Free Society*, Cambridge: Harvard University Press, 1936; Roethlisberger, Fritz, J. and Dickson, W. J., *Management and the Worker*, Cambridge: Harvard University Press, 1943, and Roethlisberger, *Management and Morale*, Cambridge: Harvard University Press, 1941.

job which top management cannot leave to chance or to the part-time attention of supervisory personnel Explicit attention must be given to locating and reporting human dissatisfactions at the working levels, maintaining harmony among the groups in the organization, and studying methods of introducing changes in technical processes or formal modifications in the structure itself

Progressive Management The importance of the personnel function in organization can hardly be overstressed, but its relation to the central task of top management remains to be stated In response to the Harvard group, an outstanding business executive, Chester I Barnard, developed perhaps the most systematic analysis of the executive function since Henri Fayol Barnard defined organization as in 'impersonal system of coordinated human efforts' He identified the executive's job as: (1) providing the system of communication, (2) securing essential services from individuals; and (3) establishing the purposes and objectives of organization [39] In his formulation, technical efficiency and morale are not the primary ends of organized effort They are limiting factors bearing upon the permanence or duration of an organization, whose existence through time depends upon its effectiveness in attaining both the concrete ends of concerted activity and essential human satisfactions Every one of the elements of management depends upon personnel While the selection of top personnel cannot be delegated the task of functional coordination of those at the lower levels must be related to the purposes of the organization rather than to the managerial function

All of these propositions show how far modern personnel research has gone beyond the concept of management as the application of fixed rules of organization and the installation of technical procedures of selection, training, and placement Public administration has been especially receptive to these ideas The growing *rapprochement* among students of administration in public and private enterprise is demonstrated by various developments Two illustrations are the widespread recognition of the work of Lyndall Urwick [40] and the collection of writings in both fields for the staff of the President's Committee on Administrative Management [41] The emphasis on matters of structure among private management consultants reflects their greater confidence in the validity of organizational theory Government administrators and their planning staffs are more acutely conscious of the impact of political influences upon public organizations and have come to accept these pressures as a normal aspect of their work

The most noteworthy American experiment in modern managerial freedom to accomplish broad objectives of public policy—the Tennessee Valley Authority—has been analyzed in a brilliant piece of administrative reporting

[39] Barnard Chester I *The Functions of the Executive* esp chs 7 and 15, Cambridge Harvard University Press 1938

[40] Urwick L *The Elements of Administration* New York Harper 1943

[41] Gulick and Urwick *op cit* in note 1

by its chairman, David E. Lilienthal.[12] The author, convinced that democracy can plan and determine the course of its political evolution, demonstrates the results that public management can achieve in the utilization and development of natural resources. Lilienthal feels deeply that TVA exemplifies sound democratic administration—decentralized operations, voluntary citizen cooperation and local community participation with government officials in achieving the purpose of the organization, fixing of responsibility for both planning and execution of administrative policy upon a single agency, a personnel policy based strictly upon merit but allowing for constructive flexibility and an enforcement policy of education and persuasion that relies for coercive sanction only upon the power of eminent domain in the public interest.

The essence of democratic administration, Lilienthal says, is doing things *with* people, not *to* them and placing the responsible administrators close to the people where they must share the people's problems. Method, he asserts is all important, 'it is as inseparable from purpose and ends as our flesh is from our blood.' Give to management powers of affirming and initiating what shall be done, fix upon it responsibility for results; see that the experts take action with people instead of simply applying legal coercion—if we do so, we may be sure that management will work as well for the public interest as for any incentive of private profit. The TVA demonstration is a revelation of the enormous potential of moral power available to a democratic people if they possess the courage to exploit their natural resources for the common benefit, if they exercise the self restraint to fix upon the administration the responsibility and freedom to decide how this should best be done, and if they find institutional ways of holding the managers to account for final results.

Horizons of Administrative Research. Research in public administration thus has pushed steadily backward the barriers of technical separatism and lack of communication between the various specialists in the administrative arts. Scientific methods have been applied to the study of the human factor in organization. The inner secrets of the priesthood of management have been proved to be susceptible of analysis. Great strides have been made in clarifying the relationship of budgetary and personnel coordination to general management.

Above all, research in public management has struggled free from the notions of public business as routine, as primarily negative and restrictive upon personal or private initiative, and as an unnatural but necessary evil. Study of the modes of policy formation and the relationships in organization has brought about an understanding of the psychological processes of personal identification with the individuality and achievements of the organization as a whole. Thus public administration has advanced to a

[12] TVA *Democracy on the March* esp. pp. 159-161, 199-202. New York: Harper, 1944.

realization of the strong sense of individual release and satisfaction in cooperating with others.

Because of the great desirability of arriving at common agreement on public needs and public objectives, increasing research in the borderline problems lying between political theory and public administration seems inevitable.[43] Can greater consensus be reached upon the creative and formative roles of administrators in advising on the best means of defining particular objectives and establishing the administrative machinery for achieving them? How should administrative agencies attempt to integrate their activities with private group demands and drives for power? How can political leadership be brought to utilize properly the concepts and techniques of administrative planning in the formulation of public policies and programs? Can new forms of administrative accountability to legislatures and to the public be devised which will increase mutual respect and lessen suspicion and distrust? Can the educational system be used with greater effectiveness to arouse both a sympathetic appreciation of the problems of public management and a desire to enter the public service in the minds of promising individuals representing all sections of the population?

These are problems of the highest order. They demand unflagging interest and research. For satisfactory progress, we need to establish much better contacts with foreign administrative experience. Comparative study, of which thus far we have had too little, is of obvious value.

5. Administration—Art or Science?

Aims of Scientific Approach The term "science" is an honorific word Considerable effort has been made to justify its use in identifying the knowledge and skills that are applied in administrative practice. A science of administration in the sense of a body of formal statements describing invariant relationships between measurable objects, units, or elements does not seem very useful to most students and practitioners. Unquestionably, administrative research has produced a sizable body of definite precepts and hypotheses that are applicable to concrete situations.[44] But what administrators visualize as particularly valuable goes beyond that. They are interested in the techniques of systematizing the process of securing and sifting relevant information so that the factors involved in arriving at a policy decision can be stated and the consequences of alternatives can be analyzed and balanced

The objective of public or private management is to create conditions under which a determination of appropriate action can be made in terms of a plan and an understanding of how that particular decision will fit into

[43] See Merriam, Charles E, 'Public Administration and Political Theory," *Journal of Social Philosophy* 1940, Vol 5 p 293 *ff*, *Political Power*, pp 285 296, New York McGraw Hill 1934

[44] *Cf* Beard, *op cit* in note 16, pp 163 170 Urwick, *op cit* in note 40, pp 17-19

the plan. From this angle, administrative research does not seek its goal in the formulation of mechanical rules or equations, into which human behavior must be molded. Rather, it looks toward the systematic ordering of functions and human relationships so that organizational decisions can and will be based upon the certainty that each step taken will actually serve the purpose of the organization as a whole.

Concerns of the Technician. Naturally, there are levels of routine and technical proficiency on which greater degrees of uniform mechanical operation are possible and desirable than at others. Research should continually seek to simplify and standardize work methods, ranging from the relatively simple operation of sorting incoming mail for distribution to the complex process of formulating a work plan for an entire organization in the annual budget. However, the establishment of standardized processes and mechanical efficiency does not penetrate to the central function of management. Absorption into this more limited aspect of the science of administration differentiates the operational expert and technician from the manager-administrator.

Techniques of budgeting, accounting, personnel management, purchase, storage and handling of materials, and reporting operations are indispensable tools whereby the facts involved in recurring problem situations are brought into focus for the administrator. Yet they are significant to him only as they raise issues requiring his determination, or call for changes in the policy of the organization. Administrative progress, in this sense, consists in the reduction of problems to routines which can be disposed of satisfactorily at the lower levels.

Science and Social Dynamics. Focusing upon the problem areas of social organization, the question becomes a different one. How far is it a matter of science to exercise judgment in selection among alternatives of policy, in the determination of specific action in pursuit of the purpose of the organization, or in the interpretation of the requirements of the public interest in particular cases? If this question were to be answered in scientific terms, the answer would have to be stated, as in all matters of social relations, in categories upon which general agreement could be obtained. We have not yet reached complete agreement on the purposes and powers of public officials, or on a formula for human behavior whereby conflicts of interest and will can be predicted and determined in advance. In the philosophy and practice of democracy, however, it has been learned that men can agree upon constitutional procedures through which personal and intergroup conflicts can be resolved in terms of general policy, basic objectives, and social priorities.

Evaluated Experimentation. Through the joint action of public officials, public policy can be tested, tried out, and changed as the result of administrative experience and alert leadership. The science of administration in a democracy will never be simply a matter of definition; it will always be a mat-

ter of living and striving. Its content will be reflected in the methods by which administrative experience is applied to the formulation of changing ideas of public goals. It will gain more specific meaning in continuous research into the problems of communication, incentive, and morale within both public and private organizations. It will grow through the insight and ability of administrators as they devise ways of adjusting their programs to the conflicting demands and ideals of their consumer publics and their political overseers.

Alliance of Theory and Practice. This view of a democratic science of administration assumes a unity of theory and practice, and at the same time envisages a general—but not closed—functional differentiation between its students and its practitioners. That is to say, administrative research must be oriented toward actual behavior and the working problems of administrators; continuous efforts must be made to encourage such research and to bring its results to the attention of busy administrators. The suggestion of a National Research Library for this purpose has been made on several occasions by Professor Charles A. Beard. Furthermore, administrative research must not be turned into the handmaiden of officialdom to justify the preferences of policy makers at any given moment.

The profession of administration should include both the research worker and the executive. They should collaborate in selecting problems for study and making data and experience available. In the formulation and interpretation of findings, however, there will always be room for initiative and responsibility outside the official sphere. It is to be hoped that students of administration in universities, business organizations, privately supported research institutions and public agencies will all seek to break down the invisible barriers of distance, suspicion, and difference in technique and objective. Through professional association and the written and printed word, it should be possible to broaden the channels of communication and understanding between public and private organizations for mutually helpful analysis of administrative problems.

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CHAPTER 3

Bureaucracy—Fact and Fiction

1. Semantics and Realities

The tyranny of words is nowhere better exhibited than in the use of the word "bureaucracy." Governments do their work as much through administration as through politics. It might therefore be supposed that in a democracy where administrators are subject to direction by politicians and where politicians derive their power from the people, popular allusions to those who manage the public business would have pleasing connotations. Perhaps that is the way it ought to be For the present, however, the opposite is true, and will be for some time to come.

The Language of Contempt One of the most common collective designations for those who man the services of government is "bureaucracy." The name is one of derision and contempt, harsher, to be sure, in some contexts than in others but even at its mildest a word inviting one to sneer or scorn.[1] The prevalence of this designation may be regrettable; yet it is a fact, and as such something not simply to be decried but to be acknowledged and understood There are several different explanations for it. Each warrants brief examination.

As is evident in a thousand ways, the human animal is fearfully and wonderfully made Man knows he needs the discipline of authority. Wherever he has come far enough in his evolution to enter the political stage of development, he has taken steps to establish such authority. But even as he maintains it, he still resents it and chafes under it. Rationally he realizes that freedom is unworkable without responsibility. Emotionally his desire is for liberty without restraint In this sense "cussin' the bureaucrats" constitutes one expression of human nature, destined to continue as long as man remains on the earth

Habit and memory furnish another explanation. In America, popular

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[1] This discussion draws on Morstein Marx Fritz, "Bureaucracy," in Peel, Roy V and Roucek, Joseph S, eds, *Introduction to Politics* p 410 *ff* New York Crowell, 1941 *Cf* also Finer, Herman, "Critics of Bureaucracy," *Political Science Quarterly*, 1945, Vol. 60, p. 100 *ff*

government, as most people think of it today, was born hardly a hundred years ago. Only in Britain has it existed for anything like as long a period. Elsewhere in what are now free countries—with the notable exception of Switzerland, the Scandinavian nations, the Low Countries and the British Dominions—monarchy and aristocracy continued to rule not only in form but in fact until the late nineteenth and—in some cases—the early twentieth century. Both in America, therefore, and in those lands across the sea whence so many of our forbears came, government of the people, by the people, and for the people triumphed only after centuries of autocratic or aristocratic rule during which administration was frequently overbearing if not inconsiderate and cruel. Consequently, it was in some measure out of their own mean experience that the common people came to damn their public "servants." The evil being long-continuing and the people remembering it full well both as groups and as individuals, the habit has persisted.

Officiousness and Frailty. Officiousness is a third factor accounting for the unflattering character of many of the popular references to the administrative profession. Civil servants are ordinary mortals; they have the defects and weaknesses typical of human nature. Each man loves, as Shakespeare said, "his own brief moment of authority." However, some seem unable to avoid showing their glee, and of these the public service probably has a normal ratio. It is so in all countries. Every government has a proportion of otherwise satisfactory employees who do their work in a fashion that rubs the public the wrong way. This "insolence of office" naturally comes in for greater criticism in democratic lands like America, Britain, France and the Scandinavian countries. Yet even the Germans found ways of scoffing at Brownshirt "bureaucrats" while Hitler was in power. Nor have the people of the Soviet Union hesitated to lampoon their own overreaching "functionaries." The combat troops of all armies illustrate in their scorn for martinets and for big-talking paper-soldiers berthed at headquarters the military equivalent of these civilian attitudes.

Further probing leads to a more serious fact. Occasionally bureaucrats do abuse their position and authority. By and large, the governmental processes of modern democracy constitute adequate protection against official misconduct. However, these procedures are not always fully used nor are they always faithfully observed. Here and there a public servant attempts to make his public office yield a private gain or buckles under pressure and uses his power to confer illicit advantage on some special group. It should be added that this happens more often among bureaucrats in elective than in appointive posts. Although the guilty are not always caught and forced to make amends, the gross volume of such abuse has long been on the decline.

Administrative Self-Promotion. More common and harder to cope with is a wholly different kind of fault which often arises from excess of zeal in the promotion of what is honestly believed to be the public interest. That

is the inclination of some public administrators to take too expansive a view of their functions. In order to accomplish a public good that might otherwise be deferred or lost, they may push the range of their discretion beyond the limits intended by the legislature It was a mistake, Woodrow Wilson argued, to relegate administration to the category of things "which clerks could arrange after doctors had agreed upon principles" But it is equally a mistake—and in a democracy a dangerous one—to conceive of administration as the heroic center of government. Such a conception might encourage the view that an independent executive, beyond carrying out the policies formulated by the legislature, is free to compensate, through administrative orders, for legislative errors of omission or commission

Administration has been called the core of modern government. This is true in the sense that it is today essential in all states, popular and despotic alike Even in a democracy, it is the branch through which government acts as an evercontinuing process, and in which the overwhelming majority of public employees work and the vast bulk of public funds is spent Yet policy making through representative assemblies remains primary. To allow administrators to make the policies they are to execute, as was the case in Hitler's Germany and Mussolini's Italy, is the definition of despotism. To organize government so that controlling authority is always vested in those whom the people desire to exercise political power, as is the case in democratic Britain, under a cabinet backed by a majority in the House of Commons—this, many believe, is one of the best formulas for freedom yet devised.

Where, as in the United States, the executive branch with its mixture of political influence and administrative authority is largely independent of the legislature, and where men without political status may suddenly be appointed to important administrative posts, special obligations rest on administrator —as on legislators—to maintain a sense of proportion about their functions Public executives are obliged to engage in the formulation of administrative policy, and the necessity for this should be freely conceded Except as the chief executive may direct, however, their participation in the making of political policy should be confined to advising him and the legislature on policy matters in their own field of operation and offering recommendations or technical assistance to be used for legislative action. Here the administrator may argue with foresight, with ingenuity, and with a sense of urgency Having presented his views, however, he has done everything he may properly do

Thus the "great game of politics" has its basic rules like any other. It is up to the administrator to abide by them no less than the politician and the citizen No bureaucrat has been prevented from resigning his office and agitating as a citizen for the policies he thinks indispensable to the common welfare. Nor, indeed, is there any law to keep him from running for Congress or the state assembly or the city council and, as a politician,

advocating what the legislature should do. That is the democratic way to secure the enactment of a particular public policy—by winning a triumph for it in the political arena. That is the reason why the public takes offense at men who, as administrators, would try to "decree" policies they had been unable to "put across" as politicians.

Procedural Rigmarole. Red tape—or what the average citizen has in mind when he uses that phrase—also supplies part of the explanation for the stereotyped conception of bureaucracy. The point should be granted without argument. To the ninety per cent of the public who want to do "the right thing" and generally know how to do it, many government procedures must seem unnecessarily complicated. This is true especially of those to whom it fails to occur that most of the detailed requirements relating to such matters as permits, licenses, and contracts are to save the majority from the ignorance, selfishness, or carelessness of the other ten per cent. Hard and costly social experience accounts in the main for specificities of bureaucratic procedure.

When at the threshold of World War II motormaker William Knudsen assumed a post of great importance in the defense effort of the nation, he said of Washington red tape, "In Detroit we call it system." Thus he not only gave it a fair and simple characterization but he also furnished a clue to the reason why it is productive of irritation After all, it *is* tape, it *is* system. Being inanimate, it is incapable of perfect and instantaneous adaptation to every individual's personal interest or situation—let alone his whims and fancies. Resenting authority to begin with, man resents it even more when, no matter what the reason, it seems to blind itself to the scene of its operation Yet in countless instances this appearance can hardly be avoided. There are numerous types of situations in which the power to fix general rules must necessarily be centered, while information relevant to their just and proper utilization lies largely at the point of application Delegation of discretion may not always be a feasible answer When public administration has to rely on absentee authority, it must accept the consequences in popular resentment and dissatisfaction as a "risk of operation"—just as, in similar circumstances, they are accepted in private business.

The assembly lines in the great automobile plants are designed to move at the speed and in the order that will enable the workers to produce the maximum number of cars per day This does not mean that a customer will always be able to get the car he wants when he wants it and at the price he thinks right—or that individual workers will not find the pace inconveniently fast or slow. So with the red tape of a government agency. Though designed to enable its employees, working at an established rate, to provide the public with service conforming to acceptable standards, it will fail to meet precisely the needs of every single citizen. Methods and proce-

dures calculated to yield the greatest good for the greatest number patently cannot fit the details of each and every case.[2]

Subjectivity and Objectivity. "Bureaucracy" would not signify to the common people the evils it does in America today were it not that various interests, unwilling to accept public control, have been resolved to discredit if possible, the very idea and institution of governmental administration. The economic stakes involved in such efforts are great, and the financial resources available to support them are frequently on the same scale. Much of the inspiration for the battle against "bureaucratic regimentation" is generated by nothing nobler than the desire to make it difficult or impossible for democracy to enact or enforce regulations needed to protect the public interest. Bureaucracy is besmirched because this seems to offer an effective way of winning the battle.

Through distortion and caricature, the term "bureaucracy" has come to imply bungling, arbitrariness, wastefulness, officiousness, and regimentation. What is its technical meaning? In free translation, it means simply "desk government"—management by bureaus. It denotes the sum total of the personnel, apparatus, and procedures by which an organization manages its work and achieves its purposes. The organization may be public or private, governmental, commercial, educational, ecclesiastical—but if it is of any size it must be a bureaucracy.

In this sense, bureaucracy is a feature of all large-scale undertakings, being simply the means, human and physical, through which they strive to attain their objectives. From this standpoint the General Motors Corporation is no less bureaucratic than the United States Government—and General Motors employees are quite as well aware of the fact as are federal workers. There is, however, a more restricted meaning of the term. Without implication of invidious distinctions, it is confined in some contexts solely to government. When so used it normally refers to the entire executive establishment, especially the permanent or career personnel and their operating facilities and procedures. On its administrative side, then, the whole problem of government consists—as Carl J. Friedrich has properly emphasized—in the development and maintenance of a bureaucracy that is competent, responsive, and responsible.[3]

2. The Sources of Red Tape

Efficiency in administration depends at bottom upon devising and directing a routine, a regimen, a system. We may grant that it is never possible

[2] For a provocative study through a management engineering approach to the problem of red tape, see Juran, J. M., *Bureaucracy—A Challenge to Better Management*, New York: Harper, 1944.

[3] See his *Constitutional Government and Democracy*, Boston: Little, Brown & Co., 1941, also Friedrich, C. J. and Cole, Taylor, *Responsible Bureaucracy: A Study of the Swiss Civil Service*, Cambridge: Harvard University Press, 1932.

to reduce all components of a process to the point where they can be so handled. It is nevertheless the aim in all management to discover and introduce that division of specialized labor which will enable the total job to be performed most satisfactorily and at the lowest possible cost.

Red Tape and Green Tape. From the standpoint of efficiency, public and private administration are basically alike. They operate under similar types of managerial motivation and compulsion. Many of the sources of red tape in governmental bureaucracy are no different from those which account for the "green tape"—if we may call it that—in business bureaucracy.[4] But the parallel holds true for only part of the way. Administrators in government are obliged to be regardful of some considerations beyond those to which business can limit its concern. These make the government tape red instead of green. Typically they are social—Aristotle would have called them political—considerations as distinguished from economic, and they certainly should figure in public administration.

Perhaps in some fields the ultimate objectives of public management are identical with those of commercial undertakings, but this is the exception rather than the rule. Government generally aims at ends more complex and more intangible than business. Men look to government for justice, law, peace, and order, for the maintenance of liberty, equality, and opportunity; for impartiality in the enforcement of economic regulations and for even handedness in the administration of economic assistance—not so much for service that is swift and cheap as for service that is safe and sure. They want such service to be economically efficient. They also want it to satisfy these other and more basic expectations. They do not run their government to make money. They run it in order to establish and preserve an environment in which they themselves can make a decent living. The standard of success in business is the greatest economic gain to the individual entrepreneur or firm at the lowest economic cost. The standard for government is the greatest social and economic gain for the public at the lowest social and economic cost to all.

Requirements of Efficiency. To avail itself of the economies latent in specialization and large-scale organization, government no less than business must submit to the compulsion of working out a detailed sequence of steps in which the various jobs on each unit of production can best be done. Assembly line techniques offer marked advantages over those of custom craftsmanship. They also have their price. They entail the imposition of an order of progression, the fixing of a rate or rhythm of operation, and the discipline of a regular routine. Set order, fixed pace, and adherence to routine—these are the very stuff of which red tape is made. Yet they are of the essence of system, too.

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[4] For an amusing and withal an instructive account of what can happen when a customer gets entangled in the green tape of private business, see Appleby, Paul H., *Big Democracy*, pp. 58-59, New York: Knopf, 1945.

Predictability of Performance. Also common to both government and business is the desire for predictability of performance. Both for his own peace of mind and in the interests of maximum productivity, an administrator wants and needs to know how many units of goods or services his staff or plant can produce per week or per month and at what cost. Whether in government or business, his only hope for such predictability lies in the possibility of maintaining sufficient regularity of operations, both qualitatively and quantitatively, to permit the calculation of results in advance of their occurrence. Yet the very regularity for which he strives and on which he depends for his success may prove detrimentally monotonous to the workers under him and may not be appreciated by his customers.

These two, however, are not the only common sources of red or green tape. Both kinds of tape are nourished by institutional inertia and indifference wherever either is allowed to gain a foothold. Both flourish wherever the lure of order, once established, invests every precedent with the sanctity of final authority. Both positively luxuriate wherever management becomes so attached to the comfort of accustomed routine that it avoids at all costs even the momentarily disruptive effects of a slight change in procedure.

Government of Laws. What of the red tape peculiar to public administration? We may first note the administrative counterpart of that key principle in democratic politics which insists that freedom means a government of laws rather than of men. Public administration wears red tape because it is expected to proceed according to objective rules rather than the subjective intuition of government officials. Who would have it otherwise? Red tape is perhaps the best insurance the public has that all citizens will receive equal treatment at the hands of their civil servants.

Accountability to the Public. Another closely related source of red tape is the insistence of the public on full accountability in governmental management, not alone for final results but also for each and every step by which they are attained. This means that bureaucrats are required to do their work in such a way that, actually or contingently, their every move is open to public scrutiny. They must perform their task in a fashion that can be defended and justified even if brought under the most minute and critical review. The result is what might be expected—almost as much concern at times over not doing anything wrong as over trying to do something right. To make matters worse, the tangible rewards for creative imagination are likely to be meager. Business management prides itself on paying handsomely for initiative and invention. In public administration, the premium on constructive innovation is hardly ever of comparable magnitude. Nor is this for the reason that governmental management does not appreciate the value of such incentives. The trouble lies in its being hedged about by restrictions that practically preclude it from using them.

3. The Charge of Despotism

Having essayed an explanation and evaluation of the red tape and inefficiency ascribed to bureaucracy, let us now examine the merits of two graver indictments—those of despotism and regimentation. Both relate to supposed abuses of trust or power by the executive branch of government. For the sake of convenience we shall confine ourselves in the present section mainly to the charge that bureaucracy seeks to usurp the judicial function, and endeavor thereafter to investigate the claim that it is contriving to usurp the legislative function as well.[5]

Effects of the Industrial Age. The separation of powers has never meant the same thing in Britain as in America, particularly with regard to relations between the executive and legislative branches. However, with respect to relations between the executive and judicial branches it has had approximately the same significance One of the common assumptions in both countries has been that the rights and liberties of the citizen would not be secure unless all men, public officials and private persons alike, were under the "rule of law" guaranteed by a hierarchy of independent courts of law. So long as government could operate on the scale of policing activity, the judicial tribunals were able to dispose of nearly all types of questions calling for adjudication—whether arising out of criminal offenses in the usual sense, civil-law transactions, or noncompliance with administrative regulations As the impact of technology upon society became more pervasive, every government has been obliged steadily to extend the range of its concerns. For the proper handling of various types of technical controversies, this has carried with it the creation outside the judicial branch of novel administrative agencies or tribunals staffed with specialized personnel and authorized to employ such procedures as might be most effective in the light of the subject matter involved.

Because they were in the vanguard of industrialization, America and Britain have had to make changes in administrative structure and procedure comparable to those undertaken by other nations which were less deeply attached to the ideal of the rule of law. As in the case of most departures from old ways, the new administrative tribunals did not always function perfectly, particularly in their early years. Occasionally they made errors of procedural propriety which but for subsequent review by courts of law might have led to miscarriage of justice. From the beginning, however, certain groups within the body politic have been unwilling even to acknowledge the necessity for new instrumentalities of this kind. By insisting that the rule of law was being vitiated rather than aided by constructive adjust-

[5] For a fuller treatment, see below Part IV, "Responsibility and Accountability."

ments in the manner of its application, they condemned these instrumentalities as agencies of a new despotism [6]

Charge of Usurpation Lord Hewart, a British jurist, articulated the opposition in his volume entitled *The New Despotism*. His book has had so great a vogue on both sides of the Atlantic that it may well be taken as the definitive indictment "A little inquiry," he wrote, "will serve to show that there is now, and for some years past has been, a persistent influence at work which, whatever the motives or the intentions that support it may be thought to be, undoubtedly has the effect of placing a large and increasing field of departmental authority and activity beyond the reach of the ordinary law" [7] Taking for granted the adequacy of "the ordinary law"—perhaps more accurately, "the ordinary courts"—and thus in a way begging the whole question, the author averred that the people of Britain were in danger of losing their liberties through the growth of administrative absolutism

Hewart ignored the inconvenient question of the competence of the ordinary judges to ascertain the facts, let alone their significance, over a wide range of technical matters He simply argued that individual rights and liberties were now in jeopardy because the "ardent bureaucrat" had lately come to operate under "some such faith" as this [8]

1. The business of the Executive is to govern
2. The only persons fit to govern are experts
3. The experts in the art of government are the permanent officials, who, exhibiting an ancient and too much neglected virtue, "think themselves worthy of great things, being worthy"
4. But the expert must deal with things as they are The "four-square man" makes the best of the circumstances in which he finds himself
5. Two main obstacles hamper the beneficent work of the expert. One is the sovereignty of Parliament, and the other is the rule of law.
6. A kind of fetish worship, prevalent among an ignorant public, prevents the destruction of these obstacles The expert, therefore, must make use of the first in order to frustrate the second
7. To this end let him, under Parliamentary forms, clothe himself with despotic power, and then, because the forms *are* Parliamentary, defy the Law Courts
8. This course will prove tolerably simple if he can (a) get legislation passed in skeleton form, (b) fill up the gaps with his own rules, orders, and regulations, (c) make it difficult or impossible for Parliament to check the said rules, orders, and regulations, (d) secure for them the

[6] For a fair sample of the literature in which this view is presented, see Hewart of Bury, *The New Despotism* New York Cosmopolitan Book Corp 1929 (reissued London Benn, 1945), Allen, C K, *Bureaucracy Triumphant* London Oxford University Press 1931, American Bar Association Report of the Special Committee on Administrative Law *Reports of the American Bar Association* 1936, Vol 61, pp 720 794, McGuire, O R, Administrative Law and American Democracy, *American Bar Association Journal*, 1939, Vol 25, p 393 *ff*

[7] Hewart of Bury, *op cit*, p 5

[8] *Ibid* pp 13 14 (by permission of the publisher, Farrar & Rinehart, New York)

force of statute, (e) make his own decision final, (f) arrange that the fact of his decision shall be conclusive proof of its legality, (g) take power to modify the provisions of statutes, (h) prevent and avoid any sort of appeal to a Court of Law.

9. If the expert can get rid of the Lord Chancellor, reduce the Judges to a branch of the Civil Service, compel them to give opinions beforehand on hypothetical cases, and appoint them himself through a businessman to be called "Minister of Justice," the copingstone will be laid and the music will be the fuller

If all this, or even the main part of it, were generally true of democracy's bureaucrats and their intentions, it would be a devastating indictment. America and Britain would assuredly be on the road to despotism. But the charge is not true; and for the most part it is wholly without warrant.[9] Had Hewart and our American critics of like mind been content to specify some of the cautions which ought to be observed in adapting the rule of law to the conditions of a technological civilization, they could have performed a valuable service.[10] Lacking both such interest and moderation, what they have done is to prove too much.

Legislative Delegation As Pennock observes in opening his study of *Administration and the Rule of Law*,[11] "Before the days of the automobile there was no need for policemen to direct traffic. Before our population had multiplied and become concentrated in congested urban areas, sanitary inspectors were not so necessary as they are now Before the development of large-scale business enterprise, the sale of securities required no supervision by the government." These changes illustrate some of the technical problems with which public administration has been confronted through the progress of applied science It is almost axiomatic that no invention is ever quite an unmixed blessing. New mechanisms or processes often bring new dangers as well as new utilities. They pose for government the question of how best to secure public advantages without at the same time disturbing or endangering the social order out of proportion to actual gains.

Ordinarily, as might be expected, the legislative body was the first to take positive action in dealing with new situations of this kind. Generally it has waited, sometimes procrastinated, until sufficient evidence had accumulated to demonstrate clearly that existing prescriptions and procedures

[9] For a point by point refutation of Hewart's charges in terms of British bureaucracy, see Finer, Herman, *The British Civil Service*, ch 7, London Fabian Society and Allen & Unwin, 1937

[10] For tempered studies of the problem of administrative adjudication, see Pennock, J Roland, *Administration and the Rule of Law*, New York Farrar & Rinehart, 1941, Blachly, F F and Oatman Miriam E, *Administrative Legislation and Adjudication*, Washington Brookings Institution, 1934, Dickinson, John, *Administrative Justice and the Supremacy of Law in the United States*, Cambridge Harvard University Press, 1927, Landis, James M, *The Administrative Process*, New Haven Yale University Press, 1938, Cushman, Robert E, *The Independent Regulatory Commissions*, New York Oxford University Press, 1941.

[11] See note 10

were inadequate to protect the public interest or safeguard individual welfare. However, the legislature did set forth as best it could the criteria of the common good, and then vested the power to apply those criteria either in some administrative agency within the executive branch or in a new agency independent of it—and normally independent of the judicial branch as well. Far from forsaking the ideal of justice, however, what the legislature had in mind in assigning such tasks was to bring novel responsibilities of government within a more resilient rule of law, one ensuring more substantive knowledge for judgment, simpler and swifter in procedure, and less expensive to the litigant,[12] yet withal equally just. In brief, legislators only sought to cope with the practical problem of devising ways and means for the equitable and expeditious settlement of a mounting mass of technical cases and controversies.

Flexibility of Statutory Standards. It is difficult to devise criteria and standards for new fields that will be acceptable as squaring fully with those to which in familiar situations men have grown accustomed. Instead of pretending to a knowledge they have lacked—and could not have—legislative bodies have had the wisdom to vest in specialized tribunals and comparable agencies the general responsibility for deciding what specific requirements would be right or reasonable in their particular fields. Recognizing that a degree of discretion had to be placed somewhere in dealing with new issues, legislatures have conferred it, at least for the purpose of establishing the relevant facts, upon officials possessed of technical knowledge. Of course, such officials were required to observe fundamental rules of evidence in their work. Thus, statutes defining standards have used such phrases as "reasonable rates," "public convenience and necessity," "unreasonable discrimination," "action necessary or desirable in the public interest," "adequate facilities and services," "maintenance of a fair and orderly market," and the like.[13] Interpretation of these phrases has been left largely to the regulatory agencies, and as a last resort to the courts.

Quasi-judicial Agencies By 1946, Congress had established six major quasi-judicial agencies outside the executive branch Interstate Commerce Commission, 1887; Federal Trade Commission, 1914; Tax Court of the United States, 1924; Federal Communications Commission, 1934; Securities and Exchange Commission, 1934; and National Labor Relations Board, 1935 The national legislature had also enacted scores of regulatory measures calling for the exercise, under appropriate rules of procedure, of considerable discretion by administrative officials within the executive branch State legislatures have found it advisable to follow a similar course within

[12] In their concern for the preservation of the rule of law, bench and bar have tended to ignore the matter of the costs of justice to the litigant in terms of both time and money, especially the latter Its importance as a factor in the creation of administrative tribunals has been considerable, in America and abroad.

[13] See Pennock *op cit* p 31

their jurisdiction; so have the municipal councils in every large city throughout the land. And the end is not yet. Although the question of whether to vest such discretion in agencies within or outside the executive branch is still a moot one, American experience with administrative tribunals is by now sufficiently broad and varied for some general conclusions. Those who have studied it most carefully are generally agreed that both the gradual loss by the courts of their former uncontested control over public administration and the partial replacement of judicial guarantees by administrative guarantees of "liberty under law" have not brought the citizen under a new despotism. On the contrary, without the aid of such agencies he might have been unable to maintain his liberties against the powerful, though impersonal, forces which have been rising about him.[14]

Administrative tribunals are here to stay; the problem is how to perfect them. This comes down largely to the question of how to improve their personnel. Ideally, perhaps, most of the professional staff of a regulatory agency should have a mastery of both the technical subject matter with which it deals and the legal principles and procedures that govern such matters as the conduct of hearings and the taking of evidence. However, these are two distinct specializations, and few would be specialists in both. The legal profession, as it becomes reconciled to the need for administrative adjudication, naturally believes that the best way to secure a proper balance between private rights and public interests in the regulatory process would be through stress on legal training.[15] Yet lawyers should not be allowed to substitute their judgment on technical matters for that of subject-matter experts. Obviously, the practical course for every agency of administrative justice to take is to staff itself with personnel of both types and make sure that consideration is given to both sets of factors.

[14] For a more specific discussion see below Ch 10, Independent Regulatory Establishments

[15] Much pertinent information is to be found in the reports of the United States Attorney General's Committee on Administrative Procedure, Washington 1940 1941, the report on *Administrative Adjudication in the State of New York* submitted to Governor Herbert H Lehman by Robert M Benjamin and staff 1942 and the *Tenth Biennial Report of the Judicial Council of California to the Governor and the Legislature* 1944 Some indication of the number and variety of state administrative agencies engaged at least partially in adjudicatory work may be gained from the following list of agencies described by the California Judicial Council as conducting formal, adjudicatory licensing and disciplinary proceedings Board of Dental Examiners Board of Medical Examiners, Board of Osteopathic Examiners, Board of Nurse Examiners Board of Optometry Board of Pharmacy, Board of Public Health, Department of Public Health Board of Examiners in Veterinary Medicine, Board of Accountancy, Board of Architectural Examiners, Board of Barber Examiners, Board of Registration for Civil Engineers, Registrar of Contractors, Board of Cosmetology, Board of Funeral Directors and Embalmers, Structural Pest Control Board, Yacht and Ship Brokers Commissioner, Secretary of State, State Fire Marshal State Mineralogist, Director of Agriculture, Labor Commissioner, Real Estate Commissioner Commissioner of Corporations, Department of Social Welfare, Department of Institutions, Board of Pilot Commissioners for the Bays of San Francisco, San Pablo and Suisun Board of Pilot Commissioners for Humboldt Bay, Board of Pilot Commissioners for the Harbor of San Diego Fish and Game Commission, Board of Education, Board of Equalization, Insurance Commissioner, Building and Loan Commission

In taking leave of the alleged decline of freedom in the New Leviathan, we can perhaps do no better than record the considered opinion of Blachly and Oatman of the legislative proposals advanced by the American Bar Association in the late 1930's for additional judicial safeguards against abuses of discretion by administrative agencies. "It appears," they observed, "that the 'tendencies toward administrative absolutism' so feared by certain promoters of the American Bar Association bill are largely nonexistent."[16]

4. The Battle Against Regimentation

Parallel to the accusation that bureaucracy has been usurping the function of the courts runs the charge that it has also encroached upon the legislature.[17] Administrative adjudication does indeed have a counterpart in administrative rule-making. Most of those who damn the new despotism are therefore also prone to denounce bureaucratic "regimentation."

Experience Abroad. It may conduce to a sounder analysis of American developments[18] to look first at Britain and France, democratic countries both. As to the latter, the essence of the matter can be stated readily. The French are logical and practical about the need for administrative rule making, as they are about many other things. Under the Republic, every statute of consequence enacted by the national parliament included a section to the effect that "an ordinance of public administration shall determine the measures proper for securing the execution of the present law."[19] The French legislature had no qualms about conferring upon administrators the task of settling points of detail in public policy.

The British attitude toward what they call "delegated legislation" is not described as easily. Although there is in England greater readiness to accept the necessity of administrative regulations than in the United States, the House of Commons has concerned itself with this matter no less than three or four times in the past generation. On the first occasion, with

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[16] Blachly, F. F. and Oatman, Miriam E. *Federal Regulatory Action and Control*, p. 277, Washington, Brookings Institution, 1940. This matter is taken up more fully below in Ch. 23, "The Judicial Test."

[17] Condemnations of bureaucracy on the ground of regimentation may be found in such books as Beck, James M., *Our Wonderland of Bureaucracy*, New York, Macmillan, 1933; Edmunds, Sterling E., *The Federal Octopus*, Charlottesville, Michie Co., 1932; Hoover, Herbert, *The Challenge to Liberty*, New York, Scribners, 1934; Lane, Rose Wilder, *The Discovery of Freedom: Man's Struggle Against Authority*, New York, John Day, 1943; Winston, Henry M., *Challenge to Freedom*, New York, Harper, 1943; and Sullivan, Lawrence, *Bureaucracy Runs Amuck*, New York, Bobbs Merrill, 1944.

[18] For objective studies of the need for and the use of delegated legislation, see Andrews, John B., *Administrative Labor Legislation*, New York, Harper, 1936; Blachly and Oatman, *op. cit.* in note 16; Comer, John P., *Legislative Functions of National Administrative Authorities*, New York, Columbia University Press, 1927; Hart, James, *The Ordinance Making Powers of the President of the United States*, Baltimore, Johns Hopkins Press, 1925.

[19] Ogg, Frederic A., *European Governments and Politics*, p. 451, New York, Macmillan, 1944.

Stanley Baldwin at the helm as Prime Minister, the criticism of the House was "rejected out of hand," in the words of the London *Times*. The Donoughmore Committee on Ministers' Powers recommended in its report[20] a closer scrutiny by Parliament of the promulgation of subordinate legislation by the executive branch; this led to no significant action. Again, during the early part of World War II, a similar proposal was offered but was rejected by the government on the ground that its enactment would becloud ministerial responsibility In 1944, however, it was acknowledged by the government that additional safeguards should be adopted Not least of the reasons was the belief that in the future, ministers might have to issue rules and orders in greater volume than ever before. The Commons took up a motion to create

> a Select Committee, . . whose duty it should be to carry on a continuous examination of all statutory rules and orders and other instruments of delegated legislation presented to Parliament, and to report from week to week whether in the opinion of the committee any such instrument is obscure or contains matter of a controversial nature or should for any other reason be brought to the special attention of the House.

This motion was countered by Home Secretary Herbert Morrison with a generous offer to go even further.

Parliamentary Review of Delegated Legislation. By its terms of reference the select committee is charged with guarding the powers of Parliament and the liberties of the citizen by inquiring into the character and effect of the most important types of delegated legislation. Though lacking authority to send for ministers, it can ask for the services of departmental officers in getting answers to technical questions and securing other relevant information This saves it from having to draw the attention of the House to a regulation without first consulting with the department concerned The committee chiefly examines measures which would impose charges on the public revenues, require payments or services to any national department or agency of local government, or be immune from challenge in the courts Two classes of orders are to come in for special scrutiny The first includes all orders and regulations which by law do not become effective unless approved by affirmative resolution of Parliament The second and larger group consists of rules and orders which automatically go into force unless opposed by a prayer or a negative resolution.[21] On this basis the British are prepared to go ahead and make presumably not less but more use of delegated legislation than they have in times past.

Like Britain and France, the United States is part and parcel of Western democratic and capitalistic civilization. Nothing is more essential to the health of this civilization than the maintenance, by such governmental

[20] London H M Stationery Office 1932, Cd 4060

[21] *Cf* London *Times* May 16, 1944, and the article entitled 'Delegation' in the *Manchester Guardian* May 18 1944

action as may be necessary, of an adequate measure of social and economic equality among the people and a substantial degree of competition among business enterprises. The British and the French nations have been obliged during the past century to enact a vast pile of legislation designed to maintain such conditions within their borders; so has America. And the complexities of industrial society being everywhere much the same, Congress has had to assign the drafting of the detailed regulations implementing these statutes to the administrative officials charged with their enforcement—just as have the House of Commons and the Chamber of Deputies.

Ignoble Partisanship. This is the general setting for bureaucratic "legislating" which has given rise to the charge of regimentation. Congress, state legislatures, and city councils have placed upon administrative agencies responsibility for putting the flesh of life and action on the bare bones of skeleton legislation and for making particular statutes and municipal ordinances attain the purposes behind their enactment. The bureaucrats proceed as best they can with these difficult tasks only to find themselves accused of all manner of evildoing. Why? Because, as often as not, having been unable to prevent the passage of the statute itself, those opposed to its objectives have retreated to their last line of defense and have endeavored on procedural grounds to win a battle already lost.

Thus the stark facts are frequently simple—and on occasion they may be sinister. Legislative deliberation may reveal so great a need for regulatory action in a given field that the only possible way left by which the opposition may hope to stave off the imposition of controls is through confusing the issues. This is precisely what is often done. Clearly, the real parties to the argument over public regulation of economic activity are the representatives of the people in the legislature and the spokesmen for the interest groups which desire to avoid the social discipline such regulation would place upon them. It is in many instances the calculated intention of those who raise the cry of regimentation to befuddle the general public into thinking that the issue lies instead between tyrannical bureaucrats on the one side and well-meaning citizens on the other.

Tactics of this kind have always been used by groups endeavoring to evade social obligations. There is no reason for expecting that they will not be used until the end of time. Of all the fictions about bureaucracy, one of the greatest lies in the contention that it is the bureaucrats who are responsible for the imposition of governmental controls on economic activity. Such controls are established by the duly chosen political representatives of the whole people. The much-maligned bureaucrat is but the instrument through which they are made effective.

Matrix of a Mixed Economy. The abuses and insecurities which inevitably result when men insist on using liberty as though it were license have forced an almost continuous retreat from the philosophy of governmental nonintervention in the economic sphere. The American economy is a

mixed economy. Private and public undertakings intermingle. "Either—or" studies of the role of government in economic life have value only in pointing out the perils of going to extremes.[22] Many aspects of production and distribution can be competently handled by private enterprise under law and regulation. Others are so basic to the maintenance of public health, comfort, and decency that their management cannot safely be entrusted to those who would have to operate under the limitations inherent in the profit motive. In between lie fields—and the area is rather extensive—which lend themselves equally well to private, public, cooperative, or combined efforts

Experimental Accommodation. How far public ownership and operation need to be carried and how far governmental regulation of private enterprise will have to go are certainly not questions which bureaucrats will be allowed to answer Fundamentally, these are matters of high public policy No one can predict with certainty what functions of regulation or control governmental management will be performing a generation hence This does not mean, however, that no clues are available to suggest what the future will bring It is quite evident that we are not following any clear line of theory that would enable us to anticipate impending development We do have the light that comes from the lamp of experience, and for a people as pragmatic as ours that should be a very good light The likelihood of socialism is at a minimum We shall go on in the future as in the past, doing what viable governments have always done—gradually adapting forms and processes to changing conditions and circumstances.

In our long record of evolutionary rather than revolutionary adjustment there should be quite a little reassurance for those inclined to be anxious about the morrow. It should be sufficient to keep them from rejecting the universe and the century in which they live. The volume of governmental regulation of economic activities is doubtless destined to expand further Such gradual expansion would spell regimentation only if we allowed our sense of social responsibility to deteriorate and die

5. The Need for Understanding

Democracy, it is agreed, rests on understanding between the citizen and his government. If this is to have any real meaning it is equally essential that there be understanding between the citizen and his civil servants, inasmuch as most of the citizen's contacts with his government are through administrative personnel rather than through political officials. Obviously the maxim should work both ways; the bureaucrat's need to understand the citizen matches the citizen's need to understand the bureaucrat. As a

[22] The year 1944 saw the publication of two volumes that illustrate only too well the limitations of the either—or kind of analysis Mises Ludwig von *Omnipotent Government* New Haven Yale University Press, 1944 and Hayek F A, *The Road to Serfdom*, Chicago University of Chicago Press, 1944 For a vigorous rejoinder see Finer, Herman, *The Road to Reaction*, Boston Little Brown & Co, 1945 *Cf* also Wootton, Barbara, *Freedom under Planning* Chapel Hill University of North Carolina Press, 1945

practical matter, however, the more urgent necessity in the present age is for greater public understanding of the administrative process

Psychology of Public Employment Consider the ordinary man or woman "working for the government." The government worker is recruited from no special rank or class or circle within American society; his background is the same as that of the average citizen. He is increasingly obliged to give objective proof of competence—first, to get his job, and thereafter to gain promotion or advancement His compensation may be sufficient to enable him to support his family on an acceptable scale of living but it is never of huge proportions

He does his work hedged about by a mass of rules and regulations which have accumulated over the years as the embodiment of popular attitudes toward the conditions of public employment Much of what he does may be floodlighted at any time by pitiless publicity; all of it is subject to the most intensive and pervasive scrutiny His chances of taking advantage of society in furtherance of his own ends should he be so minded, are fewer and more circumscribed than are those of thousands upon thousands of his fellow citizens who are privately employed

Yet why presume that he will be so minded? In the first place, no person desiring to lay his hands on material riches would be attracted to the public service The majority of government employees are engaged in such work because the positions offered them hold the promise of being "good jobs," or at any rate fair ones It is not only a mistake, but even an injustice, not to remember that the bulk of them are public servants because that is what they want to be—because the idea of serving the community through its government appeals to them as the best of all ways to make their living and to spend their lives

For these public servants the taking of an oath of loyalty merely formalizes a resolution already made It amounts to an outer expression of an inner dedication—the legal aspect of a code of ethics by which the public employee is guided in all his official acts and by which he expects all his fellow workers to proceed An administrative official no more seeks his position in order to be able to sit in arbitrary judgment over the public than does a judge

Let the government business be what it may, when it comes before the administrator for action, his whole disposition is to ask himself a series of questions on this order What do the Constitution and the statutes say on this matter? What was the intent of the makers of policy in passing the law? What discretion am I obliged or expected or allowed to exercise? How can I best exercise that discretion to promote and preserve the public interest? There need be little mystery about the workings of bureaucracy for anyone honestly interested in finding out the facts Administrative officials admittedly make mistakes in judgment just as do other human beings However, any intimation that the typical official counts that week lost in

which he has not perpetrated some evil on the public is as base as it is ludicrous.

Veil of Official Anonymity One thing that would doubtless make it easier for the public to overcome its misconceptions about the civil service would be a better understanding of the reasons for official anonymity. There are two main aspects of the matter One is the maintenance of anonymity by bureaucrats in their capacity as advisers to their political chiefs. The other is their avoidance of public self-identification as personalities tied into the work of governmental administration. Let us examine these two aspects in reverse order.

Any administrative system operating under a government of laws requires some degree of official anonymity. Without it there would be no way of honoring the basic principle that administrative agencies are fundamentally the impartial and impersonal instruments through which government performs its functions. The officials of such agencies are not supposed to place upon their actions the stamp of their own individual personalities. On the contrary, their job is merely to be the efficient device through which the will of the people finds tangible expression.

Yet various difficulties arise when in his official life the bureaucrat endeavors not to be John A Smith, William B Jones, or Edward C. Brown and tries instead to be something like a disembodied executor of public policy. For one thing, he runs up against the fact that though theoretically the people want him to control his personal views or preferences and function only as "the Administrator," "the Bureau Chief," "the Clerk," or "the Licensing Officer," many of those with whom he has to deal want him to handle their cases on a "What's-the-law-between friends?" basis Friends? Yes and no Certainly it is not an uncommon experience for administrative officials to have citizens presume upon personal acquaintance with them by asking for favored treatment And there are always plenty of others looking for an opportunity to establish such acquaintance so that they may presume upon it The official's reaction is usually what might be expected. Knowing that even acquiescence in such presumptions could be ruinous, he relies as much as possible upon official anonymity to discourage them He can easily go too far Often his desire to underscore the impersonal character of his relationship with his citizen-client may lead him to excessive formality in address and conduct

Basically, this is the cause of the development and usage by governmental officials of that wooden diction formerly known as officialese and now as gobbledygook Percival Q Adams of 1456 Jefferson Street, Missouriville, Missouri, probably considers his application for a license or his tax return a matter quite as intimate as it is momentous. He does not want the licensing officer or the tax collector to treat him as if he were merely a number. He does not like to see himself referred to in the third person. Nor does he appreciate the deliberate way in which administrative officials

often seem to avoid speaking of themselves in the first person when writing him about things for which they are supposed to be personally responsible. At its worst, officialese becomes so inverted and involved as to be little short of maddening. The bureaucrat may think his formalities nicely calculated to make the citizen "keep a proper distance." The citizen is more likely to feel that the bureaucrat has built a wall between them.

Official anonymity also stems from the bureaucrat's wholly understandable desire to escape being made the victim of unreasoning and indiscriminate criticism The body politic accepts years of competent and faithful service without comment or commendation. However, let a bureaucrat make some little slip or merely be charged with making one, and the chances are that he and his agency will have to pay a price in loss of popular support and esteem out of all proportion to the error done. Is it any wonder, therefore, that to the bureaucrat the public sometimes seems to be a dangerous beast which should be avoided? There are always people anxious for their own purposes to exploit the faults and shortcomings of the government employee What reaction could be more natural for him than to contrive to reduce his exposure to such people to the absolute minimum?

Teams and Cogs Having considered the needs and the uses of official anonymity in the relation between the official and the citizen, let us look at the matter now from the internal angle, that is, within the bureaucracy itself. No administrative agency can succeed in the discharge of its function unless its staff works as a team or as a related group of teams. Each employee, of course, will have his individual assignment, and, with regard to his particular job, he should to a degree be on his own Yet this consideration must always be subordinated to cooperative needs so that the net result becomes an "organized" product embracing the whole work of the agency [23] Every member of the staff must learn that what he does commits the agency itself to some extent How to instill this essential discipline among all the employees under him and yet not kill their spirit of initiative is one of the toughest problems the head of any agency or the chief of any unit has to face—and it has to be faced continuously

Not all of those confronted with this problem manage to solve it satisfactorily Some generate in their staffs so great a fear of committing the agency to something wrong that their employees take refuge in a timidity that keeps them from being positive or effective about anything. Others may require their personnel to conform in their mode of work to so narrow and rigid a group routine that all become in practice little more than robots, cogs on the wheels of government, slaves of an assembly-line For tunately, there are others in directive or supervisory positions who exercise special initiative in highlighting for their subordinates the public purpose

[23] For an elaboration of this concept, see Appleby, *op cit* in note 4, p 78 *ff*

which the agency was created to serve and the specific services which it must render in carrying out its responsibilities. They endeavor to show each employee precisely how and where his job fits into the whole effort. Finally, through the practice of office democracy and active concern for the welfare and self-development of all employees, they prove to each member of the staff that he is regarded as a fellow worker and that his work plays a significant part in the group enterprise.

Ethics of Political Counsel. Official anonymity has its most specific use in concealing the identities of bureaucrats in their capacities as advisers to political chiefs. It is an obvious obligation of the permanent administrative staff, especially those near the top of an agency, to give their political chief the soundest advice of which they are capable, and, under the laws, to carry out his policies with loyalty and efficiency, irrespective of how much or little of their counsel he accepts. Not having the authority to make policy, permanent staff or line officers cannot identify themselves with the responsibility for making it. Only yesterday the professional bureaucrat advised the predecessor of his present political chief. On some tomorrow he will be advising his chief's successor. If today he is to try as hard to help his present chief succeed as he tried to help others in the past and as he expects to help still others in the future, it can only be on the basis of tendering his counsel within the four walls of the agency. Under the protection of anonymity his code of ethics calls for excluding from his mind all considerations except those related to the policy program of his political chief, the public interest, and the general welfare.

Fact Over Fiction. Granted that the government bureaucracy contains its share of drones and dullards, of self-servers and time-servers, of minor tyrants and soulless automatons, these comprise all told but a fraction of the total. Man for man and woman for woman, there is not now and there never has been any reason for believing them to be different from their fellow Americans who are self employed or work in private industry. The American bureaucracy is now so numerous that no citizen can indict it without indicting the nation itself.

The fictions about bureaucracy will go on circulating, but there is reason to expect that they will do so at a gradually decreasing rate. Year by year the circle of popular understanding will grow wider. As it does, the public will more generally come to appreciate the limitations under which it has made its civil servants work.

American democracy has thousands of exceptionally gifted and devoted employees who not only make no fuss about being bureaucrats but on the contrary are proud of the fact and grateful for their tasks. We can see them as a composite picture when we think of individuals such as these: a confidential adviser to the President destined to die years before his time because of refusal to reduce his labors in proportion to his waning strength; a journalist endowed with unusual capacity for management willing to let

his private fortunes slide in order to aid in the reorientation of a great department; a lifelong government engineer drafted to run a top war agency after half a dozen industrialists had managed to get all snarled up in it; a brilliant former state utility commissioner prepared to undergo periodically the bitterest vituperation in order to demonstrate democracy's ability to achieve the creative rehabilitation of a river valley; a genius in the perfection of budgetary methods and the direction of fiscal operations who never had any other professional ambition than to help his government translate its work program into accomplishment with the greatest possible economy to the taxpayer; a director of an agricultural experiment station still going strong after nearly forty years of helping the people of his state in the wise and responsible use of their human and material resources; a veteran city manager, demonstrating through his efficiency and his devotion to his community the promise and potentialities throughout the nation of a public-spirited profession of municipal management; thousands upon thousands of clerks, secretaries, and stenographers rendering competent and faithful service at their jobs year after year.

These are the bureaucrats by whom the people of the United States are served. It is unthinkable that the day will not dawn when their work will receive the recognition it deserves.

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CHAPTER

4

Democratic Administration

1. Legislative-Executive Relationships

Prophets of Ill. The men who drafted the Constitution of the United States had had experience with both hereditary monarchy and a confederation in which a legislative assembly possessed exclusive power. As they considered the kind of executive head they wished to create, it seemed that they must choose between tyranny and anarchy. Being sensible men, they refused both. Instead, they invented a national chief executive with broad powers who was to be chosen periodically by majority vote—and, as it turned out, by popular election.

The adoption of the Constitution, of course, did not end controversy over the powers and functions of the President. The presidency has been popular enough to last longer without fundamental change than the office of any other chief executive in any major nation. But many have disliked it, feared its influence, and believed that to protect our liberty we should restrict its initiative and independence.

In recent years, the contest over the powers of the presidency has broadened into a debate over the functions of the executive agencies of government and their personnel. In these terms, of course, the issue is more realistic in the light of recent world history. It is no single "man on horseback," but a dominant party or class, that can threaten a nation's liberty. The administrative personnel of all our governmental bodies, therefore, may well consider what their role should be in a democratic society.

Critics of the part that present-day public administration must play have given administrators something to think about. Mr. James Burnham, for example, has cheerfully assured us that public administrators, along with corporation managers, are going to exploit the rest of us, who will constitute the new proletariat.[1] Others, like Hayek and Mises, have warned

[1] Burnham, James, *The Managerial Revolution,* New York: John Day, 1941.

that the modern service state will reduce us all to servility just because we have asked its administrators to organize our welfare and security.[2]

Such charges are not new. These scholarly jeremiads, as a matter of fact, have a familiar and even tiresome ring to those who have heard the same arguments used, in less academic language, in municipal politics. When cities, in order to get their streets paved or their milk inspected, hire city managers or strengthen the powers of their mayors, plenty of outraged critics usually protest that the democratic system is being undermined. These attacks appear to carry weight in proportion to the lack of fundamental agreement over the objectives of government. In cities where there has been little factional dispute over fundamental policy, arguments of this sort are largely ignored

Whenever they are taken seriously in municipal, state, or federal affairs, they lead the public to turn to the stock prescriptions of those who wish to weaken the executive power—that democracy will be safeguarded only if the legislature controls the details of administration by statute, only if the civil service completely shuns questions of policy and leaves all initiative to the lawmakers, only if the national government stays out of state and local affairs and government in general stays out of business. Yet no administrative official can work by these maxims. Like any other citizen, the administrator in his particular sphere must be concerned about the difficulty of giving democracy effective control over the powerful forces that have been set free by science If he thinks that democracy is defined by the maxims of antigovernmental politics and still tries to do his job, he is likely to decide that the management of public affairs cannot be democratic and efficient at the same time.

Some administrators, no doubt, have come to this defeatist way of thinking. Just as Lord Melbourne thought that religion was a fine thing so long as it did not interfere with a man's private life, so some governmental managers may think that democracy is a fine thing so long as it does not meddle with the management of public affairs Nor is this merely an error of governmental managers In advancing the old argument that government should be run like a private corporation, certain political reformers have meant only that government should be efficient, while others have meant that the way it is run should be none of the public's business

However, many of the men and women who have distinguished themselves both as public servants and as students of politics have shown little disposition to look on politics as a millstone round the neck of governmental management. On the contrary, they understand that, in a broader sense,

[2] Hayek, F A *The Road to Serfdom* Chicago: University of Chicago Press, 1944, Mises, Ludwig von, *Ommpotent Government,* New Haven Yale University Press, 1944 A sharp dissent has been voiced by Finer, Herman, *The Road to Reaction,* Boston Little, Brown & Co 1945 See also Wootton, Barbara, *Freedom under Planning,* Chapel Hill University of North Carolina Press, 1945

efficient administration and democratic administration are one and the same.[3]

In spite of the defects of our present system, we ought not to overlook the ways in which our society has operated with a comparatively high degree of consent and a low degree of compulsion. These ways may well offer the public administrator more opportunity for enterprising service, though considerably less security and immunity from criticism, than any political Utopia devised by nostalgic critics

Dangers of Oversimplification. The importance of keeping administration accountable to a representative body will never grow less, no matter how strong a sense of professional responsibility public officials may develop, no matter how exact may become their standards of service. The fundamental powers and prerogatives of the legislature are as essential today as they were when men first risked life itself to assert them It is hard to imagine how a government can be democratic unless its legislature is elected periodically by a free vote; unless the members of the legislature and legislative proceedings are free of executive coercion and corruption; and unless public officials administer their offices according to the statutes and spend money according to the legislative appropriations—all in an environment of free thought and free speech.

If we start with such a political assumption, how seriously should the administrator take the argument that the legislature should frame policy in complete independence of the executive branch and also assert its control over the details of public affairs?

It does not make sense to expect the legislative and executive branches to work in harmony, and then to condemn the legislature for too sympathetic consideration of executive proposals To some extent the public is led into such inconsistency by the etiquette of a system of separation of powers, in which leaders of the legislature are likely to be jealous of the influence of the chief executive and his agencies However, some of the most violent feuds over legislative-executive relations in the United States have developed in cities with council-manager government, in which the city manager is the appointee of the council and has no formal independence of it whatever Perhaps the basic reason is that the American people, considering themselves responsible for creating their governmental arrangements by rational acts of will, expect the machinery automatically to conform to the logic of charters and constitutions Obviously, the public does not police compliance with these documents on its own initiative. However, the legislator or official who chooses to raise an issue of procedural relationships between the branches of government can usually count on popular attention.

There are always reasons for raising such issues. The legislative opposition frequently finds it expedient to argue that the party in power is giving

[3] For example, see Appleby, Paul H, *Big Democracy*, New York: Knopf, 1945

up legislative prerogatives, thus calling on the corporate pride of lawmakers to reinforce an argument of policy. In 1944, for example, Democrats in Albany were denouncing the Republican majority of the New York State Assembly for subservience to Governor Dewey while the governor's campaign captains were denouncing the Democrats in Congress for subservience to President Roosevelt. Then, too, a lobbyist likes to bolster his case with the phraseology of the classic attacks on tyranny; a press agent for a vested interest can do no better than sound like Tom Paine. And newspaper reporters, who seem to specialize in public disagreement, often find procedural issues the best material available, in the absence of consistent disagreement on policy.

The administrative official himself is hardly likely to be impressed by these issues. By the very nature of his work, he is or ought to be proof against the assumption that the legislative and executive branches are fundamentally in conflict. He knows that all the major aspects of his program depend on their general agreement. When he thinks in practical terms, he has to regard the mayor, for example, as being his boss for some purposes, the council for others. He is realistic enough to understand also that in a great many matters of administration or even policy he must make decisions himself without being under the immediate control or guidance of either the mayor or the council, and that in lesser matters his subordinates also must be similarly independent of him. Without delegation of this kind, no governmental organization can operate.

It is important for the administrative official to keep his thinking straight on the large and rather obvious aspects of his relations with the legislature and the chief executive. Clearly, the real problem is not legislative-executive relations as much as the relationship between an operating agency, on the one hand, and the legislative body and chief executive, on the other.

Control by Delegation. Given sound relationships, many questions simply solve themselves. What, for instance, of the century-old complaint that administrative agencies are issuing too many orders, and that the legislature is giving up its right to settle questions by statute? A federal administrative official knows that his bureau now settles by its own orders many matters that only a few decades ago were the subject of departmental action, or even an order by the President. As the volume of work increased, the numerical quantity of decisions naturally increased in greater proportion at lower levels. The practice of leaving minor matters to be handled at lower levels strengthened the control of the higher executive at each level. Indeed, only a systematic practice of directing the lower official to take responsibility for details can enable a higher official to control him. The sheer quantity of work to be done by any large organization makes such selective delegation essential to administrative control. The same principle must be applied to legislative control. Just as the President can direct the executive branch only if he concentrates his personal attention on the most

important matters and delegates the minor ones to others, so Congress can determine national policy by legislation only if it focuses on the great issues and leaves the lesser ones to be handled by the President.

Similarly, an executive is eager to have his subordinates develop and propose new policy. Administration is quite unlike the writing of poetry or other forms of personal inspiration; as the old wisecrack has it, an administrator is one who never writes what he signs or signs what he writes. This is inevitable because the creation of policy is a collective process—one of gathering ideas and facts and combining them into a program. When a city manager finds the proposal of a department head acceptable, it is a sign of good teamwork; when the council finds the proposal of a city manager acceptable, some faction will surely accuse it of being a "rubber stamp." It is time that someone asked the obvious question If a legislature, uncoerced and unintimidated, agrees after open discussion with the proposals of its chief executive, is it not a sign of effective democracy rather than of shameful submission? It is pure romance to consider disapproval of a subordinate's recommendation a sign of independence. The effective supervisor—whether legislative or executive—gets his policies carried out by inducing his subordinates to develop and execute his general program. To do so, he must reach an understanding with them about his goals at an early stage in the formulation of policy, so that he rarely needs to reject a specific proposal and start all over again.

A large legislative body will always find it difficult or impossible, even through committees, to keep in touch with all the advance planning of administrative agencies and to control the detailed application of policy. The legislator is tempted by short-run interest and pressure from his constituents to make up for this limitation by political interference with matters that for best performance ought to be delegated—the selection of individual officials, the location of field offices, the letting or cancellation of contracts, the modification of administrative orders. This temptation is apt to defeat the whole purpose of legislative supervision, which is to define the major lines of policy for the executive branch to follow.

Democracy and Legislative Supremacy. Let us consider the classic example of parliamentary government. It is easy to see how a legislature may keep administration generally responsive to its control by only the broadest kind of supervision. The British Parliament delegates far more rule-making power to the executive branch than would be constitutionally possible in the United States Among the subjects covered by such rules is the whole problem of governmental organization. The outlines of departments and their divisions, and also the membership and structure of the Cabinet itself, are not fixed by legislation but by Orders in Council, Treasury memoranda, or even less formal documents. Moreover, while the House of Commons discusses the main policies proposed by the Prime Minister, it rarely alters them In effect, individual members acting for themselves cannot get

amendments to any important legislation considered by the House, and the House has not altered the executive budget during this century. Members of the House have never been able to interfere with administrative details; by the time that "His Majesty's Service" became a fiction and both the Cabinet and the civil service came under the control of the House, the doctrine of collective responsibility of the ministers as the Cabinet induced them to keep other members of the House from interfering with the direction of their departments

For our purpose, the primary fact is that British administration became democratic as the legislature restricted itself to a very general kind of supervision. Nor can we consider it paradoxical that general legislative control should be improved by the prevention of legislative actions aimed at details. It was one of the main purposes of our Constitution to take certain types of executive actions out of the hands of the legislature, breaking boldly with a habit that had developed in nearly every early state legislature and in the Congress of the Confederation As Thomas Jefferson wrote a friend shortly before the Constitutional Convention met, "I have ever viewed the executive details as the greatest cause of evil to us, because they in fact place us as if we had no federal head, by diverting the attention of that head from great to small subjects"[1]

Even after the adoption of the Constitution, it was and is still possible for Congress, in sharp contrast to the House of Commons, to keep its fingers on all kinds of executive details through its standing committees. But anyone who believes this difference an inherently national one should consider the contrast in local government General management of British cities rests with committees of the city councils, council members being elected by wards Most large American cities, and nearly all the better governed ones, are administered either by strong mayors or city managers, while the individual members of the comparatively small councils do not participate in the direction of administrative affairs The most delightful aspect of the matter is that Americans are apt to call the parliamentary system undemocratic whenever they learn how much power it places in the Prime Minister, while British municipal officials consider the city-manager plan and strong-mayor plan quite dictatorial and un-British, whatever administrative merits these plans may possess.

Legislators Versus Legislatures In general, a legislature does not make administrators responsive to representative control either by settling details in statutes or by refusing on principle to support policies proposed by the

[1] To Edward Carrington from Paris, August 4, 1787 *The Life and Selected Writings of Thomas Jefferson*, p 428, New York Modern Library, 1944 However, even Jefferson permitted himself moments of cynicism At the age of 77 when recalling the Congress of the Confederation, Jefferson wondered 'whether Bonaparte's dumb legislature, which said nothing, and did much, may not be preferable to one which talks much, and does nothing And he added, "That one hundred and fifty lawyers should do business together, ought not to be expected" Jefferson's *Autobiography*, in *op cit* p 61

executive branch. This point is often obscured, however, because a legislature does not speak to the public with a single voice. Being composed of a majority and a minority, it may in general stand behind the chief executive, and at the same time—through a vocal minority in control of certain committees—appear to oppose him vigorously. It is then only natural for the newspapers to give the public the impression that the executive branch is carrying out a policy over the opposition of the legislature. What is called "executive usurpation" often resolves itself into a case in which the majority of the legislature fails to defend against minority attack the policy that it is generally supporting.[5]

If it is entirely democratic for an administrator to carry out the intent of the legislature in the face of attacks from individual legislators or legislative committees, another point becomes apparent. Representative control can be fully accomplished only if the chief executive and the legislature work in harmony—the former to maintain effective control over his departments and bureaus, the latter to keep its individual members and committees from using tricks of procedure to block its general program. The real issue of representation and responsibility is not simply between the chief executive and the legislature, but between the two, on the one hand, and each and all of the departments, bureaus, and legislative committees that seek to go their own ways, on the other. The great advances in attaining administrative responsibility to the legislative branch which have been achieved in the United States have been made possible by strengthening the chief executive, who alone can present to the legislature a coherent program over and through which broad and democratic control can be exercised.

In exercising such control, the legislature needs staff assistance in the review and interpretation of facts, the appraising of programs, the drafting of bills, and other technical work. It must have committee secretariats, legislative reference aids, and parliamentary counsel to fit itself for its tasks of general surveillance, just as a chief executive needs the tools of management that are appropriate to executive control. However, the committee members must keep decisions in their own collective hands and direct their staff toward matters of proper legislative concern. Any legislative staff that is allowed to reach into the particulars of agency operations becomes in effect a rival administrative department, with all of the power of the executive officials and none of their responsibility for results.

2. The Public as Star Customer

Methods of Opinion Analysis. A legislature, even if bicameral, is essentially a single body. As a body, it can act only on a limited number of important problems. Its influence, however, extends beyond its formal acts. An alert administrative agency does not merely comply with statutes; it

[5] Leigh, Robert D., "Politicians vs. Bureaucrats," *Harper's Magazine*, January 1945, Vol. 190, pp. 97-105.

seeks to anticipate the drift of public opinion, to develop policy proposals today that will meet the legislative demands of tomorrow. For this reason it wishes to keep in touch as closely as possible with public opinion. It may do so partly by new and specialized methods of analysis, but it is likely to depend mainly on compiling and appraising in a systematic way the information that flows in as a result of its ordinary operations.

One of the new and specialized methods is the opinion survey. What the marketing survey does for a business organization, the opinion survey does for administrators eager for the views of the star customers of the government, the general public. By investigating the techniques of the American Institute of Public Opinion, Congress has virtually recognized the national importance of this type of unofficial referenda. As Dr. Gallup and his competitors keep in touch with broad national issues, so public agencies use similar polling techniques to keep informed of what the general public or specific groups think of their programs. The Department of Agriculture, for example, has conducted elaborate scientific surveys of public opinion with its own specialists, not only for its own use but also for other departments. Many cities—notably Kansas City, Missouri, and Seattle—have made similar surveys with the help of research institutes or universities, to say nothing of less professional studies. In addition to these sampling surveys, nearly all government departments study the current trends in public opinion as reflected in newspaper and trade journal comment.

Advisory Committees. Most administrative policies, however, do not touch the public as a whole. Administrative agencies are, therefore, usually more interested in the opinion of one or another special group that is principally affected by their programs. The formal advisory committee is one means of keeping in touch with such opinion. The War Production Board, for instance, developed an extensive system of such committees and a set of principles to guide their operations. The principles themselves were not new, for they have been followed in practice by many similar advisory committees at all levels of government—and ignored by others. In summary, they established a procedure by which affected private interests may be consulted by the agency, but will not be permitted to block action which is indicated by the public interest. The relationship between the agency and the affected interests, however, will not depend primarily on such procedures or even on the existence of formal machinery for consultation. Far more important will be the degree of public support for the purposes of the agency, the effectiveness of its organization and operations, and the cohesiveness of the private interests and their willingness to cooperate with the government. If these conditions are favorable, a governmental agency may be more intimately in touch with the private interests than any advisory group itself could be.

Day-by-Day Administrative Relationships. Best of all as a means of keeping in touch with the special opinion of affected interests are the day-

by-day administrative relationships Through consideration of large quantities of individual cases, officials may judge not only the nature of the opinions of those affected but also their general temper Of course, the stream of information between public officials and citizens should flow both ways. One of the most curious aspects of the attacks on bureaucracy" in recent years[6] has been the opposition to publicity programs or to the spending of money for reports to the public, as if it were improper or undesirable for a governmental agency to ask for the cooperation of the public, rather than to rely on sanctions While some agencies have developed programs of persuasion, especially in seeking compliance with requirements newly established by statute, most have stressed straight information

Reporting to the Public. In general, the quality of purely factual reporting has unquestionably improved Cities have competed with each other to issue the most informative and interesting annual reports A few states have followed their example, and several federal agencies prepare periodic reports that are encyclopedias of information for whole areas of our social activities The Yearbook of the Department of Agriculture has long been an indispensible reference work in its field[7] Nor is it simply a matter of providing information on government programs for the voter to weigh and analyze Most useful—and most significant of the present role of administration—are the periodic and special reports which become the basis for all sorts of private activity The weather reports, the census compilations, the specialized periodicals such as the *Federal Reserve Bulletin*, the *Federal Home Loan Bank Review Domestic Commerce*—publications like these furnish essential data for many and varied private operations

The daily work of the governmental press agent, often disguised by various more dignified terms, has its place in the total democratic process. He is often the closest and most frequent adviser of administrative officials on the general aspects of their programs His bias is all in favor of what the public will like, for his success is measured by the degree of public approval he wins for his agency Too often he thinks of advancing the personal fortunes of his boss, and too rarely does he take a long and impartial view of the administrative program But his shortcomings are to some degree corrected by the independence of newspaper reporters and editors His general influence on administration is surely on the side of adjusting it to the taste of the public.

Commissions of Inquiry Advisory committees and public reporting have their influence on departmental policies Even more important is the effect on national policy of programs developed by special advisory groups, in-

[6] See above Ch 3, "Bureaucracy—Fact and Fiction "

[7] A reader interested in the general philosophy of an editor of government reports who combines an understanding of general public affairs with an appreciation of scientific techniques and—rarest of all—a literary style should read the volume of essays by the editor of the Agriculture Yearbook Hambidge, Gove, *The Prime of Life* New York Doubleday Doran, 1942

cluding both public officials and private citizens. Such programs have no mandatory effect, but the influence of painstaking research and thoughtful recommendations may be tremendous in the long run. Anyone who reads the reports of President Hoover's Committee on Recent Social Trends and of his Commission on Home Building and Home Ownership will discover in them the outlines of the subsequent decade's national policy on social welfare and housing. Our current policies are still being influenced by the reports of the National Resources Planning Board, which brought together natural and social scientists and leading administrators from private and public life to draft national programs. And as World War II came to an end, we were brought face to face with a new program outlined in *Science, The Endless Frontier*, a report prepared by Dr. Vannevar Bush as director of the Office of Scientific Research and Development, who undertook this task at the direction of the President and with the help of committees including the leading scientists and educators of the country.

The basic changes in our national policy are rarely the invention of either legislators or administrators working alone. They require the consensus of interested men and women of special knowledge and the support of private organizations, as well as the agreement of officials, the promotion of popular understanding through press and radio, and the sanction of elected representatives.

3. Public Participation

Cooperative Government. It is hard to talk realistically about government as long as we think of it as something apart from ourselves. A governmental program does not exist for its own sake, but is a part of a larger purpose tied into the social order. This must be remembered when we hear government described as something equivalent to coercion. As a sample of this type of thinking, we may recall that the National Association of Manufacturers proclaimed at its 1944 convention that

> Government, in order to be a government, must, in the final analysis, depend on the legal use of force, and by its very nature must make this force the basis of its dealings with the private citizen. Under any form of government dictated economy this means the intrusion of the irresistible force of government into the everyday affairs of life. These intrusions must be accomplished by those in the employ of the government. Such is political bureaucracy, and therein lie the seeds of tyranny.[5]

As a general picture of public administration, this statement needs to be revised with a touch of realism. Force wielded by government employees, intruding into the everyday life of the citizen to deliver his mail, to relieve him of his garbage, to teach his children, to keep him from driving on the wrong side of the road—are these "intrusions"? And it may also be asked

[5] As reported in the *New York Times*, Dec. 8, 1944.

whether private corporations themselves, and their property, do not need to be protected and supported by force wielded by government employees. It is at variance with fact to see public administration as the employment of force against citizens. Nor does it make sense to think of it as being controlled solely or even primarily by government employees.

When we judge the political character of public administration—and before we decide that it is either dictatorially oppressive or enervatingly paternalistic—we should remind ourselves that nearly every main function of government is now administered by cooperation among levels of government or between public and quasi-public or private agencies. Not only has the public become the star customer of government, but business, labor, and a host of organized group activities have all been rolled into one complex cooperative system. In this system the traditional values of liberty have not been lost. Yet a higher degree of teamwork or harmony has been attained than would ever be achieved through a coercive approach.

In general, the system that for want of a better name has sometimes been called "cooperative government" is one in which a broad program is carried out, not by a single national agency such as the Post Office Department, but by federal, state and local agencies working in cooperation with each other, with quasi-governmental or private institutions, with business and labor. For its greatest efficiency, cooperative government requires a high degree of mutual trust and common understanding, harmonious action by several or perhaps even thousands of legislative bodies, and considerable voluntary support from private individuals or institutions.

Combined Operations Among Levels of Government. One of its aspects is the cooperation of federal, state, and local agencies in almost all the important programs of government,[9] whether in education, social security, agriculture, public health, the regulation of commerce,[10] housing, highways, public works, or any other fields. Rather than list the programs in which intergovernmental cooperation is essential, it would be better to challenge the reader to name an important one in which it is not. He may start with the business of the post office, but he will be hard put to it to find another. He had better not mention national defense, usually considered a predominantly federal function, until he has studied the influence of the state militia and the National Guard on our military history, and the way in which the National Guard is formally a part of the structure of the War Department. And as national defense becomes more and more a matter of technological and industrial power, it is significant that the most basic scientific research for national defense in World War II was conducted by private institutions.

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[9] Bane Frank, "Cooperative Government in Wartime," *Public Administration Review*, 1942 Vol 2, p 95 *ff*

[10] The degree of cooperation in this field is rarely appreciated. *Cf* Bosworth, Karl A., "Federal State Administrative Relations in the Regulation of Public Service Enterprises," *American Political Science Review* 1942 Vol 36 p 215 *ff*

—academic and industrial research laboratories. These appeared better able to develop new secret weapons because they had an independent status and thus greater leeway in approach, even though they were working within the framework of governmental policy [11]

The system of cooperative government was greatly expanded during World War II. Never before had governmental operations and planning been so decentralized in the United States as at the time when their purpose became utterly concentrated and their potential authority great beyond any peacetime precedent The Selective Service System turned over to local boards of volunteers, set up by state agencies, the task of manning the armed forces. Much the same policy was followed by our price and rationing administration. And there are other examples. If the Office of Civilian Defense was no conspicuous success at the national level, the civilian defense councils in many states and thousands of communities served as vital nuclei for tying together at a lower level, and modifying in the light of local circumstances, the many national programs of civilian war activity. Anyone who thinks of the war program as something dictated from Washington may study the war activities of the Council of State Governments, the American Municipal Association, and the United States Conference of Mayors. State and local governments not only had to carry out national programs in many obvious and some unexpected ways,[12] but they were often ahead of federal agencies in realizing and pointing to the need for new policies.

Although state and local governments still use the jargon of states' rights and local autonomy, in practice they know that they cannot live in independence They must work with federal agencies and influence federal activities in order to justify their existence A system in which local governments with their own legislative bodies carry out national programs under the guidance of federal agencies has one highly important general advantage—both political and administrative—over a completely national system. The man doing the job in the service of the locality has reason to feel a general responsibility to the public, not merely a specialized one for a particular branch of administration to a distant superior. To be specific, the city manager whose welfare department is carrying out a function on

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[11] For an appreciation of the part that state military organizations play in Army affairs, see Palmer Brig Gen John McAuley, *America at Arms* Washington Infantry Journal Press, 1943 Still more relevant to modern warfare is the story of the development of the atomic bomb, radar, the proximity fuse and other new weapons See Smyth, Henry DeWolf, *Atomic Energy for Military Purposes The Official Report on the Development of the Atomic Bomb under the Auspices of the United States Government 1940 1945* Princeton Princeton University Press, 1945 See also two forthcoming books on the Office of Scientific Research and Development Baxter, James Phinney, *Scientists Against Time* and Stewart, Irvin, *Organizing Scientific Research for War* both to be published by Little, Brown & Co

[12] For example, the provision of emergency war housing required the amendment of city building codes and the national fiscal policy depended partly on cooperative state and local taxing and spending programs

behalf of federal and state agencies is freer to have an independent opinion, and to express it to the head of the national program, than if he were a local employee of a national agency. To carry out the function he must keep his legislative body informed, and its members in turn may educate their constituents. While doing the job he can keep it from colliding with programs of other federal agencies, or with state or local activities. In brief, the cooperative system gives the man at the level of local government a better chance to weave together the many strands of national policy than does a system in which every function has its own special functionaries from the top level all down the line.

One particularly good example, though in some ways it is unique, is the scheme of agricultural administration. It has been influenced by concentrated economic forces to a lesser degree than have comparable activities in the fields of commerce and industry. As a result, the traditional American individualist, the farmer, has retained wider opportunities for direct participation in cooperative government He has taken part in the development of an intricate cooperative system of public subsidy, joint marketing, production control, soil conservation, public credit, freely available scientific research, and technical education in state universities, extension courses, and on the farm. From the administrative point of view, this area is especially interesting because it illustrates so well how some functions can best be handled by national agencies, especially if they deal with broad economic problems like farm credit or aid to underprivileged groups like the program of the Farm Security Administration; how other functions are best entrusted to state agriculture departments; others to land-grant colleges; and still others to the joint efforts of experiment stations and extension services, in which the county agent works at one and the same time for all levels of government and for private associations of farmers—and on the side helps carry on incidental programs of welfare and education.[13]

Benefits of Intergovernmental Collaboration. To see the benefits of a cooperative system it is not necessary to believe that local government is closer to the people, or more important to the people, or more democratic, than national government None of the traditional local functions deals with as many people every day as does the postal service; none of them affects the lives of citizens in ways as important as do international diplomacy and war. And all functions exercised by state and local governments are more likely to fall under the control of irresponsible groups, whether wardheelers or powerful economic interests, than is the case in the federal government. Moreover, the business of the nation commands the citizen's first attention. The newspaper editor knows what people are interested in

[13] For comments on the type of functions that are administered by one level of government alone and those that are managed cooperatively, see Benson, George C S *The New Centralization*, New York Farrar & Rinehart, 1941 See also Baker, Gladys, *The County Agent*, Chicago University of Chicago Press, 1939.

when he puts Washington affairs on the front page, and local council news, if any, inside with the hair-tonic ads.

Yet there is a great deal to be said for arrangements under which public officials with a national point of view have to deal on a basis of mutual respect with public officials representing a local point of view. Quite a few broad governmental programs may well be divided into specific functions, some under exclusive federal or local control and others under mixed control, but with representatives of all levels of government in a position to criticize independently the arrangements, and to speak up if they are disregarded. Even if the federal government is the exclusive source of funds or has the final word in any dispute, the participation of local agencies may be a source of initiative, of independent criticism, and of administrative personnel who have been trained in the exercise of political responsibility rather than as anonymous components of a larger organization.

Inclusion of Business and Labor. It is interesting to note, moreover, how the cooperative system has been extending itself, not only to local governments and public institutions, but to business corporations that are sometimes thought to be motivated only by their balance sheets. Perhaps the general drift toward the view that private property, too, is a public trust is partly responsible And perhaps the way in which the management of business has become largely separated from ownership has opened the road to cooperation with the government.

This is not to suggest that business interests are sacrificing themselves out of public spirit It is only to say that they now see their place in a larger system more clearly than was the case half a century ago. They have been drawn into the administration of national programs by the legislation that they have sponsored, by regulations imposed on them, by contractual arrangements with public authorities, and through the activities of their trade associations For example, in World War I, the federal government took over the railroads In World War II, the Office of Defense Transportation established general policies, and the Association of American Railroads served as the go between with the individual railways both on the formation of these policies and their execution. That individual railway cars are moved about the country according to orders from a national center in compliance with general governmental policies is not socialism, but something that would never have been recognized by Adam Smith.

Property, as the lawyers say, is only a bundle of rights. Legislators and administrators, unlike doctrinaire socialists, have followed the advice of Aesop by dealing with each right separately, so that the national interest in the use of property may find expression while private interest is not destroyed. There is indeed no general principle about government-business relations that is uniformly binding. Like state and local governments, business enterprise has to justify its existence by its usefulness in the public interest. It would not do to expect too much of such a general responsi-

bility by itself, but it is probable that government-business relations will be worked out according to specific and empirical standards, field by field.

As business corporations come into the picture, so do labor unions. In World War I, the Navy manned merchant vessels that carried supplies and munitions to France. In World War II, while the ships were being operated by private companies for the War Shipping Administration under a variety of contractual arrangements, they were manned by civilians whom seamen's unions referred to the companies. Much of the function of protecting seamen that was assigned in the late nineteenth century to a government agency—the Bureau of Navigation—has now been taken over by union delegates.

Group Initiative Under National Standards. The modern tendency is for the federal government to see to it that private organizations or state and local governments do certain things according to certain standards, instead of doing them itself. The Civil Aeronautics Administration, for instance, licenses private flying schools and private repair shops to examine the pilots and inspect the maintenance of aircraft—functions comparable to those which the early Steamboat Inspection Service assigned to its inspectors. Thus an agency empowered to establish its own regulations, instead of being bound by detailed legislation, is apt to discover that administrative effectiveness dictates the same policy as does the desire to leave private enterprise independent of detailed government control, subject to standards established in the public interest.

In all these cooperative arrangements, private associations play an essential part. De Tocqueville remarked a century ago that the leadership in public affairs which would be assumed by a public functionary in France or a grand gentleman in England was taken in America by a private association.[14] Some of these are organizations of people bound together only by public spirit and civic interest in a single subject; some, like trade and professional associations or organizations of public officials, are bound together by a common occupational interest.

It must not be imagined that such a system always works toward the public welfare. It has the disadvantage of diffusing responsibility and encouraging various groups to blame their own shortcomings on each other. In some cities, for example, the price of decent housing is outrageously high because real estate men, dealers in construction materials, contractors, labor, and local government all work closely together to force the consumer to pay more than he should.[15]

To keep the main lines of policy in the hands of responsible public of-

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[14] *Democracy in America*, Vol 2, p 106, New York Knopf, 1945.

[15] Temporary National Economic Committee, Investigation of Concentration of Economic Power, Monograph No 8, *Toward More Housing*, Washington Government Printing Office, 1940 Other monographs of this committee illustrate the dangers of private exercise of what amounts to governmental power in other economic fields

ficials is essential if a governmental program is to be democratically administered. To let local agencies use national funds for purposes other than those determined by responsible national authorities, or to leave to a private interest the responsibility of regulating itself, cannot be justified on any grounds of democratic decentralization. However, the existence of many organizations which command the loyalties of citizens is the best guarantee that no single agency can demand and abuse that loyalty. The people may safely call on their governmental executives for vigorous leadership as long as they have many channels through which to contribute to the development of policies and to protest those that seem to be determined by self-interest or professional prejudice.

4. Representing the Public Interest

Interdependence of Public and Private Interests. The system of mixed governmental and private effort has not solved all our political and administrative problems; sometimes it may seem that it has only complicated them. In politics, it has made the old issues of left wing versus right wing, government ownership versus private enterprise, appear unrealistic. In administration, it has added so many dimensions to the functions and responsibilities of public management that the negative formulas of the nineteenth century have been rendered inadequate. The problem is no longer simply how to prevent special privilege; it is one of organizing the larger public interest.

The most conspicuous kind of nineteenth-century privilege—party spoils—is fast becoming obsolete. The new problem is more subtle than the prevention of patronage in jobs or contracts. It is to keep the system of coöperative government from freezing into a structure of guilds or competing pressure groups. The distinction is not mainly one of form or pattern, but of purpose and attitude. We cannot solve the problem by saying that government must not aid private interests, for the interests of private organizations and governmental agencies are so thoroughly intertwined that many of the distinctions between them have become only incidental.

World War II extended the interdependence of private and public interests. Private enterprise was often conducted in plants built by a governmental corporation, with raw materials assigned by priorities, with labor provided by the United States Employment Service, with expenses covered by cost-plus-fee contracts or profits restricted by renegotiation, and perhaps in communities built by public housing agencies. But this is nothing fundamentally new in America. It is as old as the land grants to railroads and homesteaders, as Henry Clay's "American system" of tariffs and internal improvements, and as the subsidized and chartered private companies that established most of the thirteen colonies in the New World

while the other Americas were being developed by alliances of military and ecclesiastic hierarchies

Threefold Collaboration in Policy-Making Today we see most national policies—which govern the larger private interests as well as purely governmental business—worked out in three-fold collaboration, with participation by congressional committees, by administrative officials, and by representatives of private interest groups

It is clearly essential to democratic government that the legislature be free to consider and reject the proposals of administrative officials and of pressure groups, and that it give no particular official or private interest an exclusive right to be heard. Yet the "bureaucrats" and the "lobbyists" have a vital role in the formulation of policy, for they shape up the smaller questions into large issues capable of legislative consideration Congress would be faced with chaotic conditions if, for instance, it insisted on reading petitions from individual businessmen instead of hearing the testimony of trade-association executives

To develop a program in democratic fashion, it is indispensable to examine present administrative experience, study the probable effect of new proposals on all interests concerned and on related programs, and then subject the proposals to legislative hearing and debate. While the representative of the special interest group plays a necessary part in this process, the public administrator has much the same special knowledge and a broader kind of responsibility His role in the formulation of policy—for final legislative consideration, amendment, and approval or rejection—is and should be an influential one It is accepted as such whenever any group, in or out of the legislature, tries to work out a practical program Heated denunciation of the influence of bureaucrats on legislation is usually only a tactical maneuver in the battle over policy

The administrative official has several assets that make it in accordance with the public interest for him to exert great influence in the evolution of policy He may develop impartial scientific and professional standards for the measurement of the effect of policies He may judge the working of those policies by close observation in actual practice His enthusiasm for theories is likely to be tempered by a shrewd appreciation of what is possible and practical and what is not And yet he can be the spokesman of interests that are not cohesive or powerful enough to hire press agents or influence legislators by closely reasoned arguments This function is especially important since consumers—being equivalent to the general citizenry—rely mainly on their government to protect their interests against the powerful lobbies of producers and salesmen

All the advantages that the administrative official possesses in the formulation of policy are reflections of the responsibility of his position. It is his task to further the purposes defined by law and executive order, which are a part of a general program supported by the electorate. He is directly

accountable to his superiors, and indirectly to the legislature, whose control over appropriations is a powerful weapon for the enforcement of responsibility His professional bias and his governmental responsibility alike impel him to work for the public interest. In practice, his influence is considerable Careful studies of the origins of legislation—of the sources of the drafts of bills acted on by the legislature—show that in federal and state governments alike the administrative official is accepted as the ghost writer of the lawmaker [10]

Informality of Policy Making Process On the other hand, no matter how much of scientific methods or objective standards is applied in the development of a policy, a public official is subject to the error of overemphasizing his own specialty The more zeal he shows for the public welfare, the greater is the probability of error This kind of distortion is increased by the tendency of the official to ally himself with legislators who have similar preferences and with interest representatives holding a similar point of view

Such informal alliances to further the public interest by advancing special programs make it impossible to determine exactly who was responsible for what The effective responsibility for the content of public policy cannot be measured simply in the number of bills that are prepared by lobbyists, by administrative officials, or by individual legislators For the more important decisions in the formulation of policy are usually made in informal discussions in which those concerned try to work out an agreement before the proposal is formally prepared for legislative consideration.

Even if no informal discussions are held, a proposal drafted by an administrative official will be influenced greatly by his judgment of what the legislative committee will probably accept and of what will arouse strong opposition by private interests It should, therefore, be stressed that the very fluidity and informality of this process is its most democratic characteristic. The legislature and the chief executive are enabled, if they consider it in the general public interest, to refuse to accept the organized point of view of the interest group or the administrative department, and to try through other combinations of private interests and public administrators to line up a workable new program.

For while government departments and organized private interests are basic machinery in our social system, they can be positive forces in a democracy only if they are kept in line with the general public interest It is not enough for them to refrain from encroaching on the rights of others, they must actively contribute to the general welfare To enforce this fundamental responsibility it is necessary to prevent any single collection of interests—whether a government department, a trade association, a labor union, or

[10] Witte, Edwin E, "Administrative Agencies and Statute Lawmaking," *Public Administration Review*, 1942, Vol 2, p 116 *ff*, Scott, Elisabeth M and Zeller, Belle, 'State Agencies and Lawmaking," *ibid*, p 205 *ff*

what not—from monopolizing an activity so completely that it can deal with the people and their government on its own terms

Experimental Approach For this reason it may sometimes be politically wise not to consolidate major bureaus or departments even though they have related functions, especially if they are pursuing different experimental approaches to a problem and if their consolidation would result in dropping such productive experimentation Thus a two party system is better than a one-party system, not because the two parties have different philosophies, but because each helps prevent the other from subordinating the general welfare to its prejudices and interests Similarly, at the top level of administration where broad political considerations are properly involved, it may sometimes be desirable to avoid a neat pattern which puts all related functions under the same agency, in order to give the chief executive more freedom of choice in the future

For example, in the middle 1930's the field of housing was divided into sharply defined groups, each with its own solution to the housing problem The real estate boards, the building and loan associations, the commercial banks, the lumber dealers, the welfare workers, the advocates of decentralized subsistence homesteads, the advocates of slum clearance—each of these private groups was sure that its solution alone was right, each identified it with its own philosophy, each lined up in support of an administrative agency dedicated to something like its approach, each cultivated the Congressmen whose committees were likely sources of support To amalgamate the various administrative agencies in the field of housing at that stage would have been to commit the country to a partial approach After eight or ten years of enlightening experimentation, however, all groups were much better prepared to admit the possibility of making the several programs operate in harmony rather than in opposition to each other It was then feasible to bring the several administrative establishments into a single National Housing Agency, each retaining a measure of its independence and each fitting itself into a comprehensive program

General Interest Over Special Interest The program of a government is never merely the sum of its departmental programs; it may be either much more or much less It is much less if the basic purposes of the departments are inconsistent It is much more if their operations are linked together, each furthering the activities of the others and all submerging their jurisdictional disputes in a general current of agreement

But the legislature alone cannot accomplish such administrative coordination The democratic process of subordinating the special interest to the general interest depends to a high degree on the leadership of the chief executive in the sponsorship and application of policy. No one is in a better position to observe how present developments will require changes in policy. No one else can as effectively use the agencies of centralized management—budgeting, planning, personnel—to guide the preparation of policy as well

as its execution. No one else can equally well back up his formal orders to the executive establishment with administrative sanctions.

The broader the responsibility of an administrator, the more concerned he must be with the general aspects of the government's program, and the less with narrow questions of technical efficiency The specialist in management efficiency or scientific research who resents "political" interference from above may be properly objecting to partisan exploitation of his job. It is just as likely, however, that he resents having the technical aspects of his work adjusted to fit a general program Similarly, the bureau chief naturally dislikes having his aims subordinated to those of the department, and in turn the department head may seek to be as independent as possible of the chief executive

It is plain that the adjustment of each level's work to make it fit into a larger pattern is the essential process in administration. As long as this process is carried on in an atmosphere of free criticism, and with the chief executive responsible to the people, it is a truly democratic process. The higher the level at which an administrative official operates and the broader his responsibilities, the closer he is to direct accountability to the people. The formal machinery is not as important as the fact that the chief executive is held responsible by the public for the whole program of the government. His direct responsibility to the people is strong in the American democratic tradition Let us remember that the Electoral College was reduced to a fiction soon after it had been established, and that in many a city the voters have chosen council members for their support of the city manager rather than for their own views or personalities.

The chief executive is most effective in contributing to the democratic workings of administration if he combines with his machinery of coordination a policy or a philosophy that will stir the interest and inspire the support of his departments, the legislative body, and the general public alike Without such a common purpose, the cooperation of free institutions is transformed into the selfish defense of vested interests With it, such cooperation multiplies the effectiveness of governmental administration, adding to the efforts of each single public agency the energies that are developed in the varied organisms of a free people

5 Departmental Democracy

Individual Freedom Versus Institutional Restraint. If the purpose of democracy is to make government serve the highest ends of man, instead of making man serve the lowest ends of government, we cannot be sure that public administration will remain democratic in the long run simply by achieving satisfactory working relations between governmental agencies, the legislature, and the general public We must consider the way these agencies are organized and operated, for it is always possible for an organization to defeat its own ends by becoming an end in itself.

Within an organization, democracy is by no means the same thing as lack of discipline or authority. An army, for example, can be quite democratic even though an officer has authority to order his men to certain death. The question is whether the administrative organization permits its members to retain their independence as citizens in matters that do not concern their official duties, and whether it gives them a chance, in performing those duties, to make full use of their talents to further the general welfare.

Public officials and employees do not need to surrender their personal rights or liberties as citizens. Perhaps the low point of public confidence in government, at least in the English-language tradition, was reached for a few years in the late eighteenth century when the British Parliament denied civil servants the right to vote. That limitation was soon removed, but Great Britain continued to restrict the political activities of civil servants more severely than did the United States. America made the opposite error of letting political parties use government employees for their own purposes, until civil service rules established the proposition that a public servant must not campaign in electoral contests for or against the chief executive or members of the legislature.

It would probably be an error for this nation to adopt, after the British fashion, the general principle that civil servants may not take part in organizing the promotion of public policy. There are features of the British Constitution that justified that principle, and may still justify it. The permanent tenure of the civil servant, and the possibility of change at any time in the political direction of public administration, might make it inconvenient to permit him to take a public stand on an issue between his present superiors and their rivals who could become his superiors tomorrow. Even so, it is a little hard to see why it is proper for civil servants to organize to get their salaries raised and improper for them to take part in more inclusive organizations in support of other policies.

At one extreme there must obviously be some limitation; at the other extreme there need be none. An officer in a high position should not publicly oppose his political superior's policy without resigning; and if he does oppose it in public, he should be discharged. At the other extreme, an employee with duties totally unrelated to policy ought to be—and generally is—permitted to take any stand he likes on issues of policy.

The most difficult problems arise between these two extremes. An official with a long-range interest in the public service will often find compromise necessary. As long as he is conscious of working toward his general objective as a servant of the public, compromise is simply a function of his position. Government, of course, needs men whose primary interest and competence are focused in the administrative process itself, and who can help conduct administrative affairs regardless of changes in policy. However, in a dynamic democracy there is also room for men who, while not active in electoral campaigns or party organizations, are primarily inter-

ested in policies and programs, and are quite willing to work for these either inside or outside the government.

Now that the number of civil servants is so great, it is especially important to safeguard their political rights As long as we keep our system of cooperative government, we will never be threatened by a gigantic bureaucracy all of whose members vote for its boss. The cooperation of state and local governments and private institutions in national administration helps guarantee the freedom and diversity of political views, just as it keeps our citizens from being divided sharply into two parties, each differing from the other in political philosophy and in attitudes on all major issues.

Sense of General Purpose At the same time, administrators themselves ought to be concerned with the political implications of their own departments and the departmental working processes The purpose of every organization is partially defeated whenever it tends to become absorbed in itself and in the interests of its personnel, rather than in the accomplishment of its general objectives The administrator ought not to be blind to the dangers of such introversion, for it is a fault from which none of his management formulas can save him

There is, first of all, one obvious danger. Any person may easily slide into the error of believing that his organization exists primarily for him and for his particular category of associates This is a matter of degree In general, the more the civic status of public employees is preserved, the less incentive they have for considering their pay and working conditions their prime objectives It is quite proper to demand the protection of employee rights and to organize to that end It is also quite proper to take an interest in the development of a career service, based on adequate personal incentives At the same time, neither the citizen nor the civil servant ought to confuse the security or conditions of government employment with the essential purposes of public administration

The distinction is not always simple, but there are several approaches which will help an agency head to make it clearer One is to see that employees have full opportunity to use their abilities in the most effective ways No single organization can do so completely, for the purpose of the organization itself is a limitation A welfare agency, for example, could hardly make the best use of a promising physicist Within reasonable limits, however, intelligent methods of recruiting and classifying employees and of assigning them work that will suit and develop their talents are apt to further at once the efficiency and the democracy of administration. Large organizations can do even more by adopting programs of in-service training to encourage the fullest growth and use of all potential abilities. Nothing weakens an administrative organization or a government as a whole more seriously than artificial barriers to the advancement of men and women with capacity and leadership. The traditional practice of American civil

service commissions of considering only the immediate usefulness of a recruit, and making little or no effort to discover and develop general administrative ability at an early stage, cannot be justified on grounds of democracy; it is merely shortsighted. It is possible to develop administrators without having an exclusive and undemocratic administrative class [17]

In encouraging employees to put forth their best efforts, a great deal depends on indefinable matters of personality and atmosphere It may not be too fanciful to suggest, however, that the qualities which enable a citizen to assert his political independence while respecting the opinions and personalities of others are similar to those which aid the administrator to bring out the best efforts of his subordinates The dictatorial administrator who makes personal issues out of differences of judgment is likely to stifle the advice on which he must rely for guidance On the other hand, one unduly preoccupied with the personalities of his subordinates—one who fails to bring to their attention the points on which they fall below his standards, and who juggles his organization to suit their peculiarities—may merely find the more scrupulous to be confused and uncertain, and the less scrupulous to be either scheming for their own purposes or challenging his leadership A good measure of intelligent extroversion, combined with a sensitivity for the rights and feelings of others, will help the administrator to keep his agency's attention on the job to be done rather than on its internal problems

Vice of Departmentalism A second danger is the assumption that the organization exists for its own sake The logical transition here is easy *esprit de corps* makes for effective work, and *esprit de corps* is furthered by expansion of the functions or jurisdiction of the organization In mild doses this is good medicine, but as a steady diet it is politically fatal Undue concentration of loyalty in the agency is somewhat akin to the specialist's devotion to his own specialty The formula of having the expert "on tap but not on top" is easier to quote than to apply in practice

Several cures have been tried for this ailment One is to introduce counterinfluences in the form of government wide concerns—agencies to aid the chief executive in his widely embracing managerial duties, such as a planning office or a budget bureau, or special coordinating machinery Another is to give multiple functions to a single agency or a single unit of government On this principle the Tennessee Valley Authority was created, much earlier the entire system of British local government was reorganized on the same principle to substitute a single unit of government in each area for a number of specialized authorities Still another cure is the systematic promotion or transfer of administrative personnel from one department to another The British civil service adopted this idea for the higher levels of the administrative class more than two decades ago. Such

[17] *Cf* above Ch 2, 'The Study of Public Administration," sec 3, "Training for Public Administration

transfers have probably done much to make civil servants think more of the general welfare and less of jurisdictional disputes.

If transfers of this kind are good between departments, why not apply them between the various levels of government and between government and private institutions? Government is only one department in the whole organization of society, and the changes in its functions during the past century have made the line between it and private activities far less sharp. Today, the top governmental administrator cannot adequately judge his agency's operations merely by the conventional standards of management; he must consider its effects on society as a whole. To give him the necessary breadth of view, we may need a wider interchange of top personnel among levels of government and between public and private life. The specialists in techniques and in various subject-matter fields are necessary, and will want to make life careers of their work. However, they are not likely to develop the breadth of sympathy and imagination that an administrator of the highest level must have if he is to do his job in the development as well as in the execution of policy.

The spoils system was little better than looting the public treasury. But the theory of rotation in office is not the same as that of partisan spoils. In a general sense it has always applied in American life, private as well as public. Visitors from more static or more stable societies invariably wonder at the American's tendency to change from job to job, or to occupy several jobs at once. Perhaps we should rediscover or bring up to date the theory that Jefferson and Jackson held about public office. It is not that public administration is so simple a matter that anyone can master it in a short time. On the contrary, it is so complex that few can comprehend the problems that arise at its higher levels without having had wider experience, and not in government alone.[18]

Inroads of Perfectionism. A third trap awaits the administrator who seeks to do the job assigned to him by law and executive direction. It is the danger that the administrative process will become an object in itself, that the very art of generalization will be converted into a specialty. Some managers allow their personal analytical and critical processes to absorb their attention. As a result, they fail to let subordinates do their jobs in their own ways, thus obstructing the development of diverse abilities and the release of individual energies throughout the organization. Others become hypnotized by the procedures of management. A manual of procedures has its uses, but like other written rules it is apt to turn sterile unless it is the elaboration of a common will, a real agreement of minds within the organization on objectives and on the type of teamwork by which they are to be effected.

[18] Of course, this proposition is quite different from the historic use of rotation in office for patronage purposes, *cf.* above Ch. 1, "The Growth of Public Administration," sec. 4, "Increasing Competence for Increasing Responsibility."

Delegation depends on the assumption that some other man can do the job as well as the delegating superior, once the proper general directions are established The popular axiom, "If you want a job well done, do it yourself," is the opposite of administration. Yet a kind of perfectionism sometimes creeps into management. It is shown by a preference for making all decisions at headquarters rather than leaving some of them to the field; headquarters will make no mistakes, even if a bottleneck develops. It is shown by a preference for flooding the field with detailed instructions, it is best to make sure that all is settled in terms of the letter of the directives It is shown by a preference for centralized national administration in all circumstances, it is better to have a uniform policy and no local variations, even if the program fails to win general understanding and acceptance

Yet these perfectionist assumptions usually break down because the very nature of public affairs requires their administration with flexibility and initiative on lower levels It is, therefore, just as desirable to get the views of the men in the field as the views of the department head In a quite literal sense, headquarters must serve the field officers and the field officers must serve the public if the organization is to be democratically efficient in its administration

Democratic Self Education The purposes of democratic society deserve the best administration that can be had No less will do the job And the administrator who today is doing his best hardly need worry about the stale charges of czarism and dictatorship that are now being taken up by scholars, after decades of careless use by political hacks On the contrary, he should be heartened by the way in which the administrative process has broadened and become more democratic during the past generation, even during the war years when concentration of authority might have provided an excuse for more authoritarian policies

This broadening of participation in our national administration must not be credited to any single group or party It is the result of a gradual strengthening of local and group responsibilities throughout the nation, and of a freer exchange of ideas and personnel among all levels of government and private organizations, including business corporations In its more successful programs, contemporary government makes it plain to the citizen that while the best administration is certainly democratic, the most democratic administration is also the most efficient

In order to provide a cohesive force for this cooperative system, we should encourage among our administrative officials active and responsible participation in the development of policy[19] The old proposition that policy

[19] To be sure no one would want to minimize the basic distinction between responsible and irresponsible participation in policy development Some of the standards of responsibility in this sphere have been outlined in the present chapter Others are suggested above in Ch 1, The Growth of Public Administration sec 1 Administration—Public and Private, and Ch 3, Bureaucracy—Fact and Fiction sec 1 Semantics and Realities

and administration are mutually exclusive spheres of activity never fully applied anywhere. Particularly, it never fitted the United States. And today, when the political fate of the world depends on our ability to coördinate technologies while encouraging initiative, it is necessary for administrative officials to help in the charting of our social policies, even though they must remain fully responsible to legislative control and to direction by democratically chosen executives.

The dynamics of our democracy cannot be a simple process of right pulling against left; it must rather be a process of organizing both public opinion to support a policy and machinery to carry it out. Our social frontiers will move forward not according to abstract theories but as fast as we can educate one another to the possibility of effective coöperation. This process of democratic self-education is one of the main aspects of public administration. To it the administrative official must contribute his full share.

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CHAPTER

5

The Social Function of Public Administration

1. The "American System" and the Service State

Wartime Record. In their official report on war and postwar adjustment policy released early in 1944, Bernard Baruch and John Hancock cast an appraising glance at "all of the economic systems of the world" and concluded that 'the American system has outproduced the world." But they added a very significant qualification on the manner in which this "miracle" —as they put it—had been achieved. 'With the coming of war,' they observed, "a sort of totalitarianism is asserted . . . planning and execution rest upon one over-all purpose and a single control."[1] This tribute to both the power of our common determination and the role of government in directing the mobilization of our resources as a nation appears to suggest a lesson for peace as well as war.

War is not the only teacher of patriotism and civic solidarity. True dedication of our individual efforts to the organic development of democratic society might furnish us on a national scale with the "moral equivalent of war," to use William James' phrase.[2] If we can attain greater service from our economy by effective cooperation under the auspices of "one over-all purpose and a single control," should we not hasten to seek the better life by adopting for peacetime use the wartime features of the "American system" which proved the key to victory?

Peacetime Relevance of Wartime Achievement. An affirmative answer could find support in the character of our wartime experience. We reached not only unprecedented levels of productivity and national income but also a high mark of direct citizen participation in governmental activities such as selective service administration, civilian defense, and price and rationing administration. Our democratic structure of government remained intact,

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[1] Senate Doc. No. 154, 78th Cong., 2d Sess., pp. 3, 7, Washington: Government Printing Office, 1944.

[2] James' great essay under this title has been reprinted in Winslow, Thacher and Davidson, Frank P., eds., *American Youth*, p. 181 *ff.*, Cambridge: Harvard University Press, 1940.

and our fundamental liberties were not undermined. In the sphere of business, the "American system" retained its identity as an enterprise economy, in the main individually owned and managed for private gain. By harnessing our full productive strength, we succeeded in building a vast war economy atop our peace economy. At no time in our history had we accomplished anything like it.

Yet we are far from assuming that the scheme which served us well in war would provide us with a sound working formula for peacetime living. Winning a war is a goal for which we close ranks almost automatically. Safeguarding prosperity in the context of the democratic way of life is an equally worthy end, but one for which we have not yet evolved a generally acceptable organizational pattern. To very articulate groups, in fact, the essence of the "American system" lies precisely in the absence of any "single control," any "regimentation," any "sort of totalitarianism." Spokesmen of these groups have always insisted that the "American system" itself demands that government "stay out of business" and leave the economy to its "natural laws."

Long-Range Trend Toward the Service State. However vigorously this doctrine has been expounded, it is clear that we have never attempted to practice it consistently. Suffice it to mention the Articles of Confederation, formulated in 1777, which authorized government to "go into business" by establishing its "sole and exclusive right and power" to run the postal service. Indeed, next to our unparalleled technological advance, perhaps the most striking thing about the "American system" in the historic perspective is the steady growth of direct and indirect public controls—by regulation, by taxation, by central management and use of money and credit, by enforcement of standards of safety, by governmental insurance of risks, by preserving industrial peace, by social rehabilitation, by providing a host of specialized services to meet particular group needs. For better or for worse, all of this is part of the "American system."

Nor can it be argued that the gradual emergence of such public controls arose from conspirational scheming or lust for power, or zest for interference on the part of government. Traditionally suspicious of authority, we resorted to new controls only in the face of strong popular pressures or conditions that cried out for remedy. On this score, there is no real difference in the records of the Republican and Democratic parties. In each instance, governmental action, preventive or curative, presented itself as the lesser evil, when compared with an unmeliorated *status quo*. Sometimes the action taken was futile; sometimes it was foolish. Sometimes it was clumsily devised and incompetently executed. Even if it met our expectations, our satisfaction was not unmixed. After all, is not the lesser evil still an evil?

One important fact, however, stood out. As the framework of public concern and superintendence widened, we managed to narrow the dangerous chasm between wealth and poverty, increase our economic health,

and raise the national standard of living. Government, by expanding its functions in the social and economic realms, simultaneously broadened the meaning of democracy. This was the "trend toward the service state" which Leonard D. White had found in evidence in the administrative evolution of the first three decades of the twentieth century.[3] It is still going strong

Assurance Versus Fear Up to the day of Pearl Harbor, the implications of this trend were by no means universally appreciated. Like parents who do not see their children grow, most of us would not have known a trend had we met one Those who became aware of it were more inclined to decry it than to weigh its deeper consequences Time and again—and with increasing frequency during the past generation—we had been chilled by prophecies of impending doom How could free enterprise or, for that matter, any freedom survive if government continued to reach out farther and farther? How could our economic efficiency—the very basis of our existence —hold up if government meddling drained all initiative from private management? Questions such as these inspired gloom rather than assurance. However, while we tended to default on convincing answers, the trend went on. Political power changed hands, but no party clothed with governmental responsibility found it practical to call a halt and defy the "trend toward the service state." Is it reasonable to assume that we simply did not know what we were doing?

It is much easier to accept the propositions that the service state is democracy brought up-to-date, that the extension of direct and indirect public controls aims at the assertion of democracy in the nerve centers of modern industrial society; and that modern industrial society can endure in relative freedom only through such assertion This is not a new or abrupt turn It is our chief means of preserving our political heritage. As one of the ablest defenders of the "middle way" expressed it more than ten years ago, "The liberty which our Anglo Saxon ancestors have fought to maintain for fifty generations has been liberty under law, and law means regulation."[4] Liberty under law is at the same time liberty bolstered by law, enriched and amplified by law—liberty not only for the economically strong but also for the economically weak In this sense, the service state is the charter of freedom for the common man Here Jefferson's faith in the rank and file and Hamilton's vision of active government promoting the public interest link up with each other in one fundamental maxim.

Test of the Service State World War II was an undoubted test of the "American system" It was also a test of the service state In terms of existing governmental machinery, we were far better equipped at its outset than

[3] *Trends in Public Administration* p 341, New York McGraw Hill, 1933

[4] John Dickinson, in presenting the government side on the constitutionality of the Bituminous Coal Conservation Act of 1935, Senate Doc No 197, 74th Cong, 2d Sess, p 15, Washington Government Printing Office, 1936 Dickinson's general position is concisely outlined in his *Hold Fast the Middle Way*, Boston Little, Brown & Co, 1935 This book has hardly found the attention it deserves

we had been as we stood on the threshhold of World War I. Starting with that federal machinery, we proceeded to strengthen it by putting ourselves, for the duration of the national emergency, under "a sort of totalitarianism." Thus forearmed, with all of our great resources at the nation's command, we set a world record of production. Could we have forged ahead as we did had we left private enterprise to its own planning and aspirations? The question is purly rhetorical. The triumph of the 'American system" was a triumph of creative enterprise backed by the service state

But a real issue remains. Obviously, no one would contend that what democracy needs is 'a sort of totalitarianism." Wartime demands are extraordinary. Nations cannot afford to be slow in getting into their stride. We confront an entirely different situation in peacetime. Again we shall be more circumspect and hesitant about means even when we agree on ultimate ends. Again we shall bicker and quarrel among ourselves for selfish reasons. Again we shall sneer at authority for the fun of it. And authority, in turn, will no longer be supported by those standards of exceptional latitude which are the essence of war powers under the Constitution. Granted all of this, we shall nevertheless have to organize ourselves in order to ensure our well-being as a nation.

2. The Needs of the Service State

Making Democracy Succeed. Viewed against peacetime's much-increased opportunities for disruptive disagreement, our postwar assignment as a nation, at home and abroad, looks formidable, to say the least Internationally, enduring peace itself may be lost unless we fully act out our role as a senior partner of potentially decisive influence in shaping a world organization that will marshal both strength and wisdom In the domestic sphere, we are virtually committed to perpetuation of the wartime "miracle" of productive abundance and maximum employment This is not just a boisterous roar of self confidence. It is a matter of necessity.

All of us know that democracy victorious in battle cannot convert itself into democracy choked by unemployment without simultaneously forfeiting its future. Therefore, America as well as Great Britain may well ponder the significance of Lord Woolton's famous White Paper on Employment Policy—issued before the climax of the war—which bluntly declared in its first sentence, "The Government accept as one of their primary aims and responsibilities the maintenance of a high and stable level of employment after the war." If we had not already gone some distance in the direction of the service state, we would have to start now in a hurry. For it is plain that the discharge of any such broad governmental responsibility, involving as it does the corollary of "taking action at the earliest possible stage to arrest a threatened slump," entails a "new approach"[5] and specific machinery for its application.

[5] Cd 6527, pp 3 16 London His Majesty's Stationery Office, 1944

This machinery must be both highly sensitive and of great dependability, even though most of it may not be in the nature of an expansion of regulatory power in the usual sense. Proper reliance on devices other than regulatory ones is a traditional aspect of the service state. Fiscal policy is a good illustration. As World War II taught us how to direct our enterprise economy for national purposes, so we learned in the stress and strain of economic mobilization the real significance of fiscal policy in its several components—expenditures, taxes, borrowing, and management of the public debt. In the postwar period, fiscal policy is likely to emerge as one of government's main tools for achieving a satisfactory level of employment.

Through fiscal policy we can most effectively influence the volume and direction of spending, the rate and character of investment, the course of inflationary or deflationary developments—a wide range of factors that enter into the business cycle. However, determinations in the field of fiscal policy must rest on a large body of factual knowledge as well as sound theory. Each determination, moreover, requires some implementation through appropriate administrative mechanisms. Even indirect controls such as those of fiscal policy depend for their success on adequately staffed statistical and research services, and a variety of regulatory facilities which can be brought to bear on policy execution. Of course, when government in effect assumes responsibility for underwriting prosperity, it must be fully equipped for the task. We would not choose a dentist who prides himself on doing everything with a single instrument.

Continuity of Progress. It is certainly a great advantage that in setting our sights for the postwar period we are not embarking upon a wholly novel venture. We may have to improvise and experiment, but for the most part such improvisation and experimentation will be guided by practical experience gained in the past. Hence, the "trend toward the service state" is in itself a valuable legacy. Fortunately, it is a legacy which bears the imprint of times of peace, and for this reason lends itself better to peacetime application than would any innovations springing from wartime necessities. If we had only the wartime record to guide us, we might be very doubtful about its longer-range relevance. The American people have more than once startled their enemies by throwing all of their might into unwanted war. Yet they have always drawn a sharp line between waging war with all their power and returning to their peacetime business. If they have erred in this respect at all, the error has been on the side of being too rigid in observing the necessary line of demarcation.

Small wonder that the service state, in recapturing for democracy and for accountability to the public some vital areas of social and economic life, has met stubborn resistance by those who had previously staked claims to immunity and exemption for their own ends. *Laissez faire* had its enchantment for the few when the many did not stir. But even in its heyday

the doctrine of government nonintervention was elastic enough to allow for tariff protection by government. And the idea of protection carried over into other fields. Industrial society cannot endure without a considerable degree of stability, firmly grounded in law and regulation.

As we plunged repeatedly from heights of prosperity into valleys of depression, we learned to fashion safeguards against recurrent calamities. Eventually, these safeguards extended all the way from government protection against monopolistic exploitation and cutthroat competition for the sake of free and fair competition to government protection against the hazards of old age and unemployment. Nor must we forget the remarkable spread of government lending activities, which reached an unprecedented expanse in the establishment, at the close of the Hoover Administration, of the Reconstruction Finance Corporation. This agency alone has probably done more for business than was accomplished for the unemployed by all the public works programs of the Great Depression.

Surviving Contradictions. Have there been planners of the service state? Not in the sense in which we think today of planning. The service state was not conceived on any general plan. As we sought remedies against economic and social ills and ailments over more than half a century, we inserted public controls in piecemeal fashion and at a variety of points. If in the end the cumulative effects of these efforts came to resemble something like a coherent scheme, it was by accident rather than by prior intent or design. However, by the eve of World War II the outlines of a reasonably consistent scheme had become apparent.[6]

It is true that contradictions in structure still remained visible, but they were negligible in comparison with the unresolved and more fundamental contradiction in public attitudes toward the service state. On the one hand, no open-minded observer could fail to notice that the "American system" had long ceased to be one of private enterprise exclusively, that it had become in fact a mixed economy in which both the private and the public sectors fulfilled essential tasks, in many ways complementary in nature. It was apparent that a decisive weakening of the public sector would merely restore earlier conditions of social and economic vulnerability which today no other democratic nation in the world is willing to tolerate. On the other hand, all too many of us are still captives of obsolete slogans and stereotypes which depict the service state as a parasite feasting on the body of the "American system." This fundamental contradiction, more than anything else, accounts for the fickle climate of opinion in which the service state operates. How can we acquire the highest degree of skill in operating the governmental machine when we permit ourselves to be obsessed with the idea that the machine will destroy us?

[6] Perhaps the best comprehensive description of the service state before our entry into World War II is contained in Lyon, Leverett S. and Associates, *Government and Economic Life*, 2 vols., Washington: Brookings Institution, 1939-1940.

It is vital that we take a calmer view of the service state as a set of institutions that have grown to be indispensable in sustaining our economy. The question has never been one of liquidating those institutions in the interest of an entirely unworkable, absolute freedom of enterprise. Absolute freedom would annul all community. More than once in the past, we have been reminded by the Supreme Court itself that the free society endorsed by the Constitution involves the mutual adjustment of rights, that all rights are relative, and that each right is conditional on the self-preservation of the public order. The service state, being merely a means to an end, effects such adjustments both in the relation of right to right and in the relation of right to obligation.

However, the service state cannot make its full potential contribution if its principal purpose is misunderstood. It cannot do two things at once—attain its basic goal within the framework of democracy and at the same time fight a running battle in defense of its existence. As long as powerful groups and special interests inveigh against the conception as well as the machinery of the service state, they have no ground for the complaint that government offers no full assurance of its competence to cope with complex processes. *For it is precisely the perennial denunciation of the service state that interferes most seriously with the gradual refinement and perfection of responsive and responsible government.*

Beyond this question of public confidence—identical in the main with confidence in democracy and democratic procedure—stress must be laid on other elementary needs of the service state. First, there is the need for resourceful public management. Second, there are the related needs for public planning and policy continuity. Third, there is the need for continuous synthesis of fundamental motivations—political, economic, and social. Each of these needs involves the interplay of all three branches of government, legislative, executive, and judicial. No one branch—and no one level of government—can singly undertake the whole assignment. Willing cooperation among all three branches and on all three levels is imperative. So is civic cooperation.

As long as its elementary needs are only partly met, the service state remains little more than an idea. As long as its needs are answered only in a haphazard way and without sufficient attention to their interrelations, it will fail to mature. There is a vast difference between maintaining large-scale governmental organization, operating at limited capacity, and actually securing the greatest benefits from that organization. If in the machine age it is impossible for democracy to keep itself alive without the reenforcement which the service state provides, it should follow that we ought to exert ourselves to make the most of our opportunity.

Requirements of Public Management. This is not the place to unfold in detail the major themes suggested in any enumeration of basic requirements. That will be done in subsequent chapters. Here, passing reference

to only the most obvious implications must be sufficient Resourceful management in government presupposes several things In the first place, the public sector of the "American system' must be nourished with administrative and professional talent at least in the same degree to which that talent has been drawn into the private sector since the advent of industrialization. This is not simply a matter of appropriate standards for entrance into public service It also raises the problem of making public employment attractive in terms of both general prestige and career opportunities [7] And, second, we cannot delay for long a practical reconciliation of the increasing demands for administrative self-reliance, initiative, and inventiveness with more concise elaboration of effective forms of general control and administrative responsibility Thus far, legislative control has succeeded neither in securing true accountability nor in showing itself capable of promoting vigorous management [8] On this score, the record of private business is more satisfactory than that of government. As we know also from our experience with judicial control over administration, responsibility is weakened rather than strengthened if it is exacted primarily in negative forms of invalidation

Requirements of Policy Planning Equally important is the need for adequate organization for public planning and policy continuity A people united in the pursuit of its main national objectives can well be presumed to give unified direction to public undertakings When unity of purpose is impaired, distortion of general policy through minority pressures and vested interests is not checked readily [9] However, the impact of these forces of distortion may be lessened in large measure by governmental arrangements designed to bring forth something like a rationally conceived national agenda Planning is an inseparable aspect of our civilization It is recognized by industry as a source of profit and an insurance against loss We cannot do without it in carrying on our business as a nation [10] While today this assertion is perhaps uncontroversial, it cannot be said that we are unanimous on such questions as the proper location of the planning function and the scope of its mandate Acknowledgment of the importance of planning does not carry with it any commitment on the questionable alternative between economic freedom and a planned society The degree of planning, realistically speaking, will with us always depend on practical needs, not

[7] The outstanding American report in this area is now more than ten years old Commission of Inquiry on Public Service Personnel *Better Government Personnel*, New York McGraw Hill 1935

[8] Reference may here be made again to one of the most incisive public documents bearing directly on this question President's Committee on Administrative Management, *Report with Special Studies*, Washington Government Printing Office 1937

[9] A sharp picture of the inroads of special interests into the general welfare is presented in Chase Stuart, *Democracy under Pressure* New York Twentieth Century Fund 1945

[10] For an authoritative account of a significant chapter in American planning experience, see Merriam, Charles E., The National Resources Planning Board, *American Political Science Review* 1944, Vol 38 p 1075 *ff*

on abstract preferences expressed in oversimplifications. Looking toward its postwar responsibilities, government cannot be indifferent to the waste and peril of contradictions in policy. Consistency of policy, on the other hand, calls for combined legislative and administrative operations.

We can best hope to attain synthesis of fundamental motivations on the basis of a national agenda. Above all, such an agenda would define and clarify the tasks of government in relation to our economic and social life. As one result, the respective functions of the private and public sectors of our mixed economy could be circumscribed more explicitly. Once these respective functions stood out in greater clarity, we could hope to reduce substantially the dangers of friction and disruption. To the same extent we would win a precious chance of increasing the general efficiency of the "American system." If we seize upon this chance, we are bound to gain more than mere material advantages. By developing our confidence in the soundness of our approach and in our capacity for operating effectively as a nation, we can make it plain to everyone—including ourselves—that democracy is not something nice to talk about but that it can work.

3. Public Administration—Instrument of Government

Prominence of Public Administration. The most distinctive characteristic of the service state is the prominence of public administration. As government shifts from a relatively passive to an increasingly active role, it inevitably expands its machinery of action. This machinery assumes the character of a permanent establishment because government is compelled to take on continuing responsibilities which can be fulfilled only through continuity of operations.

Typically, continuing administrative operations fall within the province of the executive branch. Typically also, their conduct requires the delegation of administrative power to each individual agency. While it is true that even the weakest administrative system must have at its disposal some degree of administrative power, in our day such power has acquired an importance in the life of the citizen equal to that of legislative power and in certain ways much greater than that of judicial power. This development, being actually a manifestation of the "trend toward the service state," has been in evidence as long as the trend itself Several years before the birth of the New Deal, Ernst Freund, a leading authority on administrative law, observed that "administrative power appears as one of the established political facts in present-day government."[11] His judgment was not ahead of the times, even though it was not yet reflected in the editorial pages of our newspapers.

Demands on Legislative Leadership. The prominence of administration in our contemporary political system does not imply a corresponding de-

[11] *Administrative Powers over Persons and Property* p 584, Chicago University of Chicago Press, 1928

cline of legislative power On the contrary, as modern government has progressed to the point of being bigger than big business, the scope and magnitude of its operations render farsighted direction ever more significant. If we may speak of any change in the essential nature of legislation, that change would lie in mounting demands on legislative leadership. When administrative agencies touch upon the activities of millions of citizens, it is a matter of highest concern whether or not the legislative marching orders for administrative officials are framed in full comprehension and recognition of the public interest Ours is still as much a government of laws as it was designed to be by those who formulated the Constitution.

Administrative power is not self generative No government agency can take action without a statutory foundation for action No government agency is legally free to push action beyond either the bounds of lawful means or the limitations drawn in the annual budget adopted by the legislative branch. However, statutory definition of administrative marching orders can draw only major outlines It would be unable to penetrate into the mountain of detail that is necessary for effective deployment of governmental forces in pursuit of objectives laid down in law. Thus the legislature is called upon to meet the complex task of establishing priorities of goals and giving general direction through statutory policy pronouncements, while at the same time allowing administrators sufficient leeway to utilize their agencies to the best possible public advantage Few would maintain in the face of this task that the service state is apt to reduce the legislative branch to the function of dignified ornament. Active government sorely needs wise legislative guidance

Role of the Judicial Power Nor can it be said that the prominence of administration detracts from the institutional rank of the judicial power. To be sure, the judicial power may isolate itself Courts have always tended to gravitate toward becoming exponents of conservative attitudes If any documentation is needed in this respect, it may be found in the history of judicial review of the constitutionality of legislation In fact, in the past the service state has suffered its most grievous defeats from the recalcitrance of the judiciary The memory of the bitter conflict between the New Deal and the Supreme Court is still fresh in our minds That conflict could have been predicted, for during the New Deal we tried to make up for lost time and thus advanced at a more rapid pace What was new was not the direction of the advance but its relative speed As the speed increased, the courts braced themselves to intensify their traditional braking effect.

Granting that no court is safe when stepping between a determined people and its needs and aims, there remains the question of applying judicial power with insight Administrative agencies must be kept within the scope of their statutory mandate and the range of lawful means, but this fact should not lead to a crippling of resourceful public management. The judicial power denies itself opportunities for constructive influence in ad-

ministration if it operates primarily as a restrictive force. Even in protecting the citizens against illicit encroachments, the judiciary can help to build a positive code of administrative conduct. In the service state, the presence or absence of a code of this kind is a matter of great consequence. But courts disqualify themselves from making a decisive contribution to the development of a positive administrative code when they permit their best energies to become absorbed in efforts to block the growth of the service state on principle.

Resources of Administration. As an instrument of government, public administration occupies a central place because of its capacity for achieving results by direct operations. It is eminently suited to function as an agent of policy, to give policy immediate meaning in the matrix of economic and social interrelations. Not being tied down to the formalized procedures appropriate for judicial decisions, it is elastic in its approach. It is the government's business establishment *par excellence*. Whereas policy can only attempt to establish a general rule, administration carries the application of the general rule into the boundless diversity of concrete situations. In giving specific application to the general rule, administration can take into account the numerous variables of different conditions. Because of this flexibility, it can obtain compliance in varying situations without either jeopardizing the consistency of the general rule or making the general rule a crushing force that strikes everyone and everywhere in one fell swoop.

Administration as a Fitting Process. Administration thus presents itself as a fitting process—as a means of giving policy concise expression in a highly diversified society. Owing to this characteristic, administration cannot live without discretion. A mechanical tool can eat its way through a sheet of steel, repeating its operation with never-changing precision. Administration, by way of contrast, deals with the dynamics of an organic society made up of human beings. Even in routine transactions, therefore, administrative procedure must be alert to the dynamic quality of economic and social life. It must ascertain facts without bias, appraise them astutely, bring policy to bear upon the emerging picture, and shape its decisions in wakeful appreciation of the intent of policy and the results to be produced. In each of these phases, administration must aim at coherence without becoming a helpless victim of precedent and operational convenience. In each phase it must keep its mentality free enough for innovation and constant improvement of methods and procedures. In each phase it must set its course in such a way as to prove itself the servant of the people. A single glance at any of these postulates is all we need in order to understand the necessity for securing the highest caliber of administrative stewardship.

4. The Enlistment of Administrative Judgment

Legislative Marching Orders. As an instrument of government, public administration moves on marching orders written into laws and regulations.

Being the agent of policy, it must on principle accept legislative superintendence and executive command. It is not free to exercise a veto power in the name of greater *expertise*. This principle is easily stated, but it raises many subtle points of administrative ethics. Government agencies, responsible for defined areas of public activity, are prone to develop a stake in their programs. That is not bad in itself, because administrators will on the whole render better service when they have faith in their missions. But it is also true that their whole-hearted identification with the task assigned them may collide with their obligation to bow to direction whenever such direction reflects changes of policy which rip into established programs. In situations of this kind, the deeper loyalty of service must triumph over secondary loyalties to cherished ends and means. Administration as an agent has no moral right to plot against its legislative principal, however much the principal may seem to be in error.

This does not mean that administration is free to use its mind only in performing its duty as an agent of policy Throughout the business establishment of government, we find today a rich assortment of staff services of high quality. No less impressive is the store of sound administrative judgment derived from cumulative experience. Many of the research teams which have been built up at various points of the governmental structure are wholly on a par with those developed in the realm of private enterprise. In the supply of managerial skill, too, government has ceased to be generally inferior to business. How obsolete in this respect the beloved catchwords of bygone days are is attested by the degree of unpublicized informal cooperation among key specialists from private and public enterprise in a great many professional associations. Give-and-take in the exchange of helpful information has become a mutual process from which government and business profit alike in equal proportions.

Political Feasibility of Policy. With so much pertinent judgment and experience available on tap, it would be folly to insist in the interest of abstract purity of functions that legislative direction should never nurture itself by resort to expert counsel coming from the administrative sphere. As a matter of fact, such counsel is constantly sought and utilized by both the legislature and the chief executive. It must be admitted, however, that the chief executive, being in a strategic position, can more expeditiously equip himself with facilities designed to make available for his use the whole body of administrative information The creation in 1939 of the Executive Office of the President illustrates the way in which facilities of this character may be linked with the head of the government's business establishment. Central staffs attached to the chief executive are in a position to evolve reporting relationships with the departmental system through which appropriate information flows up, to be assembled finally into a comprehensive picture. Much of this information is immediately translated into intelligence to serve internal control purposes. A considerable volume, however, feeds

into the policy-making process, either by pointing up issues that require solution or by providing supporting data for tentatively formulated policy proposals.

Successful government involves the accomplishment of feasible objectives. Determination of feasibility depends on a number of factors. Politically, a feasible objective is one that is wanted by sufficiently strong groups of the population or for which popular endorsement may be obtained through effectively stimulated public debate. Determination of such feasibility is a question which elected representatives of the people are generally better qualified to decide than administrators. It includes, for example, a weighing among goals which cannot all be achieved at the same time. Here, again, political sense is generally more important than administrative experience. However, once political feasibility has been ascertained, there is still the problem of the appropriate governmental approach. Big business though it is, government, like any other business, has to think in terms of available resources, organizational and operational as well as financial.

Administrative Feasibility of Policy. A politically feasible objective may not be attained at all if the administrative system is too feeble for the task. Even stronger administrative machinery may be dangerously overworked if a politically feasible objective of considerable magnitude is tackled in one reckless effort. It may be necessary to progress step by step, and to time the steps at wider intervals. On each of these points, administrative judgment is able to contribute substantially to the determination of sound policy. The same is true of defining the administrative pattern that will offer the greatest insurance of straightforward advance toward the established goal. Practical alternatives can be analyzed before action is taken. Such planning cuts the chance of breakdown to a minimum. It also provides protection against costly organizational and technical errors. In short, it is a valuable aid in achieving economy of effort.

Blending of Judgments. While it is thus clear that administrative advice is an important ingredient in the making of policy, we must not assume that there is a precise borderline between consideration of political feasibility and examination of administrative feasibility. The more both merge, the better will be the end result. Because administrative advice has no direct representation in the political councils, it must be drawn in systematically. Moreover, legislative bodies must keep their policy planning open to administrative alternatives in order to evolve a statutory formula that will best lend itself to prompt execution. Conversely, administrative officials, in advising on policy, reduce the range of their assistance if they fail to give careful thought to the legislative balance of power, the enunciated or anticipated preferences of the chief executive, and the probabilities of public reactions. Ideally, political and administrative thinking should blend into a joint process.

The separation of powers in our governmental system is on the whole

unfavorable to such blending, especially when legislative and executive prerogatives are jealously guarded But we do have avenues through which we can come near the ideal The chief executive has many opportunities for submitting recommendations to the legislative branch; these may be substantiated by extensive staff work The legislature, in turn, is adequately equipped in its committee system to take testimony from administrative officials closest to the subject matter under discussion In addition, intimate though unofficial cooperation between the staff employed by legislative committees and staffs engaged in broader studies in various agencies is often fruitful This checking of notes and interchange of findings is sometimes more productive than public presentation of testimony before legislative committees, which shape their basic inferences in closed executive session. In general, however, we are still far from a rational scheme through which political reasoning and administrative judgment can be merged in the formulation of policy Conceding this partial failure, it is well to recall that, in the direction of government business, the role of administrative judgment as a source of informed policy decisions has steadily expanded.

Administrative Freedom of Expression. In furnishing counsel on policy matters, administrative officials may foster perilous illusions if their environment encourages servility and spinelessness They are of no help whatsoever, and can easily turn into a positive menace, when conditions induce them to echo the voices of the mighty Administrative judgment must rest on unquestionable integrity It cannot be both trustworthy and pleasing to everyone It must enjoy freedom of expression Advice amounts to nothing when it is fearful of disagreement The climate of administrative judgment is not made by administrators alone It is the product of many things: public attitudes toward the government's business establishment; cartoons and editorials, aggressive and defensive propaganda coming from particular special interests, legislative resentments; administrative self-complacency Sometimes we run into deep rooted doubts whether our national ways and habits, especially in the legislative sphere, leave room for public administrators who pour their hearts into their work, think for themselves, and make no bones about the state of affairs and what ought to be done about it These doubts may merely indicate the obvious—that the service state is still in its youth But we cannot escape the conclusion that when there is competence for counsel on policy in our administrative system, it is only commonsense to use and strengthen it

5 The Contribution of Service

Popular Basis of Administrative Services A fairly detailed listing of all of the services performed by government—federal, state and local—would fill many pages None of these services was forced upon the community by wild-eyed officialdom Each came into being in response to public demands

to which legislative bodies paid deference—a perfectly natural development in a democracy.

The power of votes and the threat of reprisals in subsequent electoral campaigns hang like dark clouds over the legislative scene. If every public demand could be subjected to popular referendum, many loudly advocated propositions might die a natural death without gaining striking power in pressure politics. But the vast bulk of legislation is handled by representative assemblies exposed to minority agitation, while the public at large is normally amorphous and unorganized. It is divided by conflicting loyalties that pull simultaneously toward party, class, general inclination of outlook, real or imagined self-advancement, religious denomination, occupational organization, and an abundance of other interests, large and small. In this bewildering and ever-changing pattern the public falls apart into many publics. And the better organized for political pressure each public is, the greater is its chance of overriding the public at large. This explains in the main the failure of straight consumer representation in the political arena. It also explains why the service state is neither of one cast nor free from inconsistencies.

Habit of Self-Restraint Of course, it would be a strange misconception to contend that the test of democracy is abstract wisdom. As individuals, we commit sad errors of judgment in matters of great importance, do foolish things for unaccountable reasons, cling tenaciously to absurd prejudices, cast prudence to the winds when we feel like it Can we hope to do much better collectively? Actually, we do somewhat better in the realm of public affairs because here reason follows us like a faithful dog. Here there is considerably more argument and counterargument than we would be willing to put up with in our private affairs. And here we also have more free advice from authoritative sources—the League of Women Voters, the National Association of Manufacturers, the Secretary of State, our Congressman, the head of the Bureau of Labor Statistics, to mention but a few Sometimes we entirely change our minds on such advice, though even when we do we usually line up with the side that promises us the largest slice of cake. Yet we are on the whole rather particular about the price of the cake and more anxious to restrain our appetites than we are in our private spending.

This relative eagerness for self-restraint is a wholesome tendency. It should be no more than that For a considerable time, especially the closing decades of the past century when our great economic interests reaped the harvest of our continent, the masters of new fortunes tried to convince us that we had to make this tendency toward political self-abnegation into an axiom of governance. They argued that the best government would be one that governs least, one that entrusts control to the natural drift of the economy and the profit motive. Only when it became apparent that we

fared none too well under this prescription did we cast about for a better one.

Governmental Reinforcement of the Enterprise Economy Thus the structure of our public services came forth without a supporting ideology, even running counter to the general undertone of domestic propaganda. We bought the service state in relatively small pieces, each piece being badly needed to fill cracks and breaches in the industrial order. The mixed economy took form, not because we thought it good, but because necessity dictated successive reenforcements of the private sector through governmental action which added to the public sector. The service contribution of administrative agencies, viewed as a whole, lies primarily in its function as a broad support of the enterprise economy

It may be presumed that private business would be able to run our unemployment and old-age insurance schemes as well as does government—if there were sufficient profit in it. It might be conceivable for business to service itself on some cooperative basis in about the same way that it is being serviced at public expense by such agencies as the Department of Commerce It is perhaps possible for the several large farmer organizations to maintain specialized staffs that could jointly undertake the job now done by such establishments as the Bureau of Plant Industry, Soils, and Agricultural Engineering However, if we think in the perspective of the total picture of national efficiency, it is not difficult to spot the comparative weakness of such solutions Each of these governmental services—and they are examples chosen at random—benefits not only from direct access to data and experience accruing in public activities, but also operates under standards of strict accounting to the public at large Cost accounting under budgetary control and expenditure justification to the satisfaction of the legislature are not in themselves the most important factors More significant is the general atmosphere of public accountability Government cannot afford to chisel on its data It cannot safely underwrite the interests of individual groups It must come very close to scientific accuracy and impartial service to all.

Benefits of Regulation This is true also of the regulatory process. Regulation has sometimes been slapped down on interests which have outraged our sense of equity, but punitive regulation has always tended to throw new burdens of ill-feeling on the community and to overstep its legitimate aims in the heat of battle Ordinarily, the punitive impetus does not survive for any length of time, and methods are later adjusted to meet the practical business at hand We need only look at the relationships between carriers and shippers on the one hand and the Interstate Commerce Commission on the other.[12]

[12] Some very pertinent observations are contained in a recent tribute to a great administrator who died in harness Swisher, Carl B Joseph B Eastman Public Servant,' *Public Administration Review*, 1945, Vol 5 p 34 *ff*

Evidence shows that regulatory bodies, when they have established themselves, develop a peculiar predilection for those subject to their powers. This is hardly surprising. The function of regulation is to police—in the interest of a healthy state of affairs. The goal is constructive, and the procedure must correspond to it. Even if regulatory bodies come to see the public welfare to some extent from the angle of the welfare of those to be regulated, they nevertheless resist the temptation to give away their birthrights. To steady them when they need steadying is the task of the legislature or, more precisely, of free public criticism.

Popular Accountability of Administration. The service motive is not an exclusive property of government. No big company today overlooks opportunities for selling itself on claims of superior service. We hear these claims everyday in the commercial plugs over the radio; we read them on trolley and bus posters and in the smooth-voiced advertisements of popular magazines. Business wants to serve—as well as government. However, as customers and consumers we have much more direct control over public business and public services than private enterprise would be willing to allow. We have a sharp eye on our public servants, and they know it. We can chastise them with assured effect through public complaint and legislative grilling. We can take business away from them by cutting down appropriations. We may often censure too rashly, but the irascible temper which we habitually reserve for governmental errors and failings keeps administrative officials on their toes. Administration cannot withhold its books from public inspection. We can force responsive service.

6. Public Administration—Social Buffer

Fountains of Administrative Knowledge. The broad spread of governmental activities in the service state has had consequences extending beyond the mere expansion of public services. When government is interposed at many points in our society, it gains extraordinary opportunities for developing a system of intelligence whose output becomes public knowledge. Take something as vital as dependable statistics on unemployment. Before the more than 400,000 Smiths, together with the Joneses, the Thompsons, and the rest of us, had been duly entered in the central records of the Social Security Board, we had to guess at the volume of unemployment. Now, as an incidental by-product of our social security scheme, we can always know, with a high degree of exactness. Fortified with up-to-date information, government is in a position to plan policy with considerable assurance. It is also able to obtain early warning of impending slumps and take remedial action before being overtaken by events. It can even put its finger on specific areas where maladjustments have become acute, and probe into underlying causes.

Government's Intelligence Function. The intelligence function of modern government is in many ways crucial to the fate of the economic and

social order. Jeremy Bentham saw it in this light more than a century ago It lies at the heart of our attempts at achieving a high level of employment in the postwar period The role of the federal government in attaining maximum employment is predicated on the availability of a large array of detailed statistical data on such activities as consumer spending; business expenditures and outlays—including construction, additions to inventories, and exports; and state and local expenditures—including projected public works Moreover, retrospective data alone would not be adequate. They must be supplemented by data which predict future facts. We would be stopped in our tracks and left to face complete uncertainty if the entire body of government intelligence were still in the state which existed only fifteen years ago. Today we are better prepared, because government, in its interlocking with the enterprise economy, has multiplied its eyes and added finer lenses.

Public Research and Analysis The more it knows, the better government can judge Seeing more, it is no longer so easily eluded by those whose doings shy from light, nor is it quickly misled and confused by the assertions of optimists and pessimists alike Capitalizing on its far-flung intelligence, government can substantiate its hunches and projections, and is less helpless in rebuttal In our civilization, research and analysis of information, together with scientific fact gathering and wider dissemination of knowledge, are national resources of the greatest practical value because they give our hand a surer touch in shaping our institutional and technological environment Truth is an objectifying influence in the identification of the public interest and the pursuit of public ends It takes the wind out of the sails of partisan clamor and intentional or unintentional misrepresentation

The acquisition of knowledge is a field of primary concern to democratic government Its ascendancy was properly stressed in the epoch-making report of Great Britain's Machinery of Government Committee under Haldane's chairmanship at the end of World War I[13] Our experience in World War II with the Office of Scientific Research and Development, established for the purpose of securing adequate provision for research on scientific and medical problems relating to national defense, represents a memorable step in the same direction But research must not be confined to laboratories alone The whole business establishment of government. although it is in business for business' sake, is at the same time a gigantic test tube with which we gradually expand our social knowledge. In this way we not only augment the body of information to guide the policy-making authorities, we also set down increasingly definite terms of reference for legitimate public discussion It is harder to fool the people when

[13] Cd 9230, London His Majesty s Stationery Office, 1918

authentic facts and figures make lies and wild statements uncomfortable for their authors.

Getting at the Facts. Through its administrative system, government has been able to organize its intelligence function. Without something like the administrative machinery which we have built up over the years, government intelligence would necessarily be secondhand and thus of dubious merit. The risk of accepting at its face value the brief of an interest group or the complaint of a constituent is well known to every seasoned lawmaker. With literally hundreds of thousands of government employees in daily touch with countless economic and social activities and various elements of the population, headquarters offices meet few obstacles in providing for continuing public reconnaissance, in gauging pressures and tensions in the industrial order, and in getting at the relevant facts. On the other hand, general awareness by the public of the intelligence function of government has a restraining effect on the voraciousness of special interests and the character of pressure-group rationalizations. To this extent, administration places itself deliberately between contending forces, each of which could have its way only at the expense of all of us

More explicit and more direct is the buffer function of the administrative system in the immediate exercise of authority, either of a regulatory nature or as the basis of concrete services Here government, by being on the scene, enforces the ground rules of democratic society. This task includes not only the job of safeguarding defined standards of human conduct and decent living but also that of preserving the essential framework of individual initiative and accomplishment. Administrative power is brought to bear upon the economic power wielded by giant organizations which, if left unchecked, would play havoc with the basic interests of the individual as well as with those of the community at large It is true, of course, that administrative agencies are not always strong enough to muster unyielding resistance under the impact of determined pressures[14] But we should not lose sight of the fact that in the struggle of organized forces for superiority, government has gone far toward running interference for the underdog

Concern for the Underdog Concern for the underdog is deeply ingrained in our American *mores* It gives our political thinking a distinctive flavor. Yet, in the day by-day operation of our economy we are inclined to a startling degree to condone ruthless prosecution of selfish ends. A broad strand of our social philosophy supports the fears which Louis Brandeis aptly expressed in speaking of the curse of bigness It is equally American, however, to write bigness in big letters—to take pride in the colossal and still greater pride in the super-colossal. The native soil has favored the growth of economic empires in our midst, and the captains of these empires have ranked above our politicians. When we enshrine bigness as we did

[14] The best study of this problem is Herring, E Pendleton, *Public Administration and the Public Interest* New York McGraw Hill, 1936

in the days of *laissez faire,* we cancel the buffer function of the administrative system. Public officials, however firmly established their service ideology may be, cannot withdraw into the ivory tower. They cannot defy public opinion or what successfully poses for it. How well administration performs its buffer functions is, therefore, mainly up to all of us.

Our conflicting reactions toward bigness have never quite permitted us to seek the ultimate criterion of effective organization in its contribution to the life of the common man. There have been times when shrewd play on our emotions made us more fearful of big government than of big business. One thing is clear, however. If ours is to be a common man's democracy, government must be big enough to measure up to the order of magnitude prevailing in the economic sphere.

Part II

ORGANIZATION AND MANAGEMENT

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CHAPTER

6

Planning and Administration

1. The Importance of Planning

Essence of Planning Planning is preparation for action. It is the vital step in any great enterprise, for many subsequent decisions about organization, procedure, personnel, and policies must flow from an original conception of purpose. All administrative agencies are set up to accomplish some desired goal. In a sense, all the problems of administration are problems of translating purpose into action The first concern of administrators at all times is raising and answering the question, "What am I expected to accomplish?" The second concern is, "How shall I accomplish it?"

Planning gives meaning to action The work done by an administrative agency will achieve its goals only if careful plans have been prepared which show what is to be accomplished Otherwise, there may be much action of all kinds, but few results Or the many activities undertaken may lead to contradictory results

Planning is a technique or process In itself, the word "planning" suggests no goals. It merely means that some method is followed which results in determining what is wanted and in a plan of action for reaching that desired goal Planning is a method of approaching problems—a method which says, "Let us define clearly what it is we wish to do," and then asks, "What steps shall we take in order to accomplish our purpose?"

Planning is continuous Just as life is dynamic and everchanging, so must planning by individuals and by organized groups be dynamic Early plans may become inadequate as new factors in any situation are discovered, as changing circumstances occur, as we grow and learn more about the environment in which we live. Plans must accordingly be modified from time to time. Periodic or even continuous review of fundamental purposes is desirable for any institution or any group in order to ensure that the work done will meet present conditions and needs.

Planning embraces all aspects of human life. It concerns every phase of activity in which we participate, both individually and as organized

groups. The subjects of concern in the planning work of the federal government before World War II are well illustrated in a symposium on the topic published in 1941.[1] The chapter titles included land planning, water resources, energy resources, industrial policies, savings and capital formation, income distribution, employment planning, public works, transportation needs, agricultural adjustment, population, nutrition, housing, education, health, recreation, social security, international economic relations, war planning, and industrial mobilization for defense. These were all subjects of some degree of planning in the federal government. State and local governments had many of the same concerns and others as well. Private groups, from the great corporations to fraternal societies, had and have their plans. An account of the steps taken by one large corporation, the General Electric Company, in reviewing its plans and in formulating new ones on the eve of World War II well illustrates planning by private enterprise.[2]

Since those who direct organized efforts must begin by planning them, planning is the first responsibility of management. The continuing concern with planning which every alert and efficient agency must manifest is well recognized today in every discussion dealing with the subject of management For example, a recent survey of the organization and direction of some twenty business corporations declares it to be the primary responsibility of top management to provide:

> . . . far sighted planning and clarification of objectives, visualizing the needs of the business and determining its most advantageous future course . . . There is nothing about an organization more important than its future Owners, management, employees, and society in general are, or should be, more concerned about where a company is going than where it has been. . . .[3]

Similarly, a searching discussion of administration in the field of municipal public works makes this generalization:

> The successful management and control of any large enterprise requires carefully prepared plans which seek to forecast its future operations as accurately as possible[4]

These elementary propositions may be illustrated by a simple and familiar analogy The construction of a house is first of all a matter of planning There are such fundamental questions to answer as how many and what types of rooms, what kind of exterior, what kind of surroundings, the special features desired, and the amount which can be spent out of available

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[1] Galloway, George B and Associates, *Planning for America*, New York Henry Holt, 1941

[2] See Prince, David E, 'Planning for the Future While Producing for Victory," in *National Conference on Planning, 1942* p 48 *ff*, Chicago American Society of Planning Officials 1942

[3] Holden, Paul E, Fish, Lounsbury S and Smith Hubert L, *Top Management Organization and Control* p 3, Stanford Stanford University Press 1941

[4] Stone, Donald C, *The Management of Municipal Public Works*, p 63, Chicago Public Administration Service, 1939

resources. The location is then selected, and detailed plans are prepared to fit the wants of the owner and the peculiar requirements of the site. The architect's blueprints are the starting point for the contractor who actually builds the house, who translates purpose into action. Later, the house may be outmoded, or may lack the latest developments in heating and lighting. It may not be large enough The income status of the owner may change. Then it must be remodeled, or a new house designed and built. In all of these phases of providing ourselves with shelter, we practice the fundamentals of planning.

Contribution of Administrative Planning. No informed discussion of public administration can fail to give specific attention to the problems of planning. In many respects these problems are common to all phases of administrative activity—they involve organizational structure, personnel, personalities and relationships between units of an organization. The reasons for isolating the subject of planning for special mention as the opening chapter of this part on organization and management should therefore be obvious. When we talk about the problems of public administration we look toward the techniques and processes involved in carrying out the programs of government. But we must never lose sight of the fact that we begin with the program, with the work our government desires to accomplish. Our primary interest may be confined to the process of performance, yet that process is important only if it attains the purpose or end of administrative activity. Sometimes students of administration become so preoccupied with procedures and processes that they foget what is of first importance—the results of these processes.

By beginning our treatment of organization and management with the subject of planning, we are acknowledging that our first concern is with results For, as we said earlier, planning is preparation for action. It is a particular phase of management, which must continuously deal with defining end and purpose, with setting the goals to be realized. Administrative performance can be measured only in terms of the extent to which these goals have been achieved As one of the processes of administration, planning deserves emphasis because of its tremendous influence upon all administrative activity The more carefully the plans are prepared, the less waste will appear in accomplishment. The more comprehensive the plans, the less day-to-day improvisation will be necessary and the fewer crises will occur. The more adequate our plans, the surer we will be of accomplishing our purpose.

In reviewing the quality of any administrative agency, the analyst today usually begins with these questions "What steps are taken to define the purpose and objectives of the agency? Is there a plan of action? How comprehensive is the plan? Is the program reviewed from time to time?" These and similar questions are vital because all other problems—including problems in structural arrangement, budgeting, personnel, reporting, and

working relationships—must be examined in the light of their influence upon realizing the plans of the agency

Planning and Legislation Just what kind of planning does an administrative agency do? What about the role of the legislature in our scheme of government? For one thing, in recent years the advance planning of the broad objectives of national action has become more and more a function of the executive branch of our government To such planning all administrative agencies contribute The same tendency has developed in state and local governments The legislature today reviews, criticizes, and modifies the plans prepared by administrative agencies under the coordinative responsibility of the chief executive The greater prominence of this procedure since 1933 has not resulted from any peculiarities of the New Deal, but from the conditions of dynamic government confronted with more and more problems requiring national action—problems ranging from unemployment to war

Increasingly the role of the legislature is one of criticism rather than of formulation For many reasons, we have found that legislatures by themselves are not in a position to formulate broad programs of action This, of course, does not mean the inevitable destruction of democratic government Even when administrative agencies do the planning, the final authority to approve or disapprove each proposal remains a legislative function. This is a very real and essential authority, not to be disparaged.

Planning and Administration In addition to the need for administrative agencies to plan broad objectives for legislative consideration and sanction, there is the need for planning the details within the legislative framework. Frequently legislatures set forth their will in very general terms. The differences of opinion among lawmakers and the pressures of various groups converging on a legislature often prevent agreement except upon certain main purposes The details, or the refinements, are left to be worked out. Such wartime problems, for example, as the size of Army and Navy, the composition of the military forces, and the type of weapons and equipment needed were left for administrative determination They required careful planning

Then, in the third place, there are the administrative plans in a more specific sense, the programs of work laid out to achieve the objectives finally agreed upon These administrative plans may include the budget, the organization structure, and a time schedule of work accomplishment This is preeminently a job of administration It should never be attempted on the legislative level

Interrelation of Planning Activities All these types of planning are closely related The interplay of administrative planning, review of present programs, and formulation of new objectives goes on all the time Often

[5] See for example the experience in New York State as set forth by Scott Elisabeth M and Zeller Belle, State Agencies and Lawmaking,' *Public Administration Review*, 1942, Vol 2 p 205 *ff*

a sense of the desired goals of administrative action is developed out of the work of an agency. We have on occasion established agencies with the expectation that they will develop plans for action and obtain legislation for a desired program. This was true, for instance, in the field of price control during World War II.

It must be repeated—planning presupposes no particular set of objectives, nor any one conception of political values. Just as budgeting in and of itself does not mean large outlay or small outlay, revenues balanced with expenditures, or deficit spending, so planning does not necessarily mean either a collectivist or a *laissez faire* economy. There has been much confusion on this score in recent years. The attention given the succession of Five-Year Plans in the Soviet Union seems to have suggested to many that planning and communism are synonymous. The discovery that Hitler's Germany also planned in a similar way merely broadened the association to include all totalitarian forms of government.

Those who would insist that planning is incompatible with our form of government not only appear to contend that democracy is planlessness but also show themselves little versed in American history. It has often been pointed out that Alexander Hamilton's First Report on Public Credit in 1790, two other public reports presented in that year, and his great Report on Manufactures in 1791 were all planning documents of the first importance. These were just the beginning of planning by the new American government—planning that has been continuing ever since.

The furor about planning is caused by disagreement over objectives and methods. Debate is desirable in a democracy. But it should not suggest that planning in itself is undesirable. We may weigh specific plans; but we should be agreed that planning is necessary and vital in public administration.[6] As a problem in administration, distinguished from the many

[6] As long as we have government and administrative agencies, we must have planning. This planning may be of two types: it may be concerned with new programs and new activities to meet particular problems demanding governmental attention, or it may be concerned with the programs for carrying out broad objectives already set forth in legislation. The second type of planning in particular is absolutely indispensible to efficient administration. The first type is closely related to fundamental issues of public policy, and the eventual decision must be made by the chief executive and the legislative body. This type of planning is intended to facilitate the selection of choices by those responsible for public policy.

There have been recently several vigorous denunciations of "planners." See particularly Mises, Ludwig von, *Bureaucracy*, New Haven: Yale University Press, 1944, and Hayek, Friedrich A., *The Road to Serfdom*, Chicago: University of Chicago Press, 1944. The real object of attack in these volumes is a government policy which seeks positively to influence the operation of our economic system. Such policy is identified as government economic planning, and immediately suggests to the authors that all planners are engaged in promoting government control of prices, production, service industries, and capital formation. Actually, the authors are attacking certain governmental policies. The debate accordingly should be confined to these policies, and should not degenerate into name calling directed against ill-identified "planners."

It should perhaps be repeated that no existing duties assigned to the executive branch of the government can be carried out efficiently without planning. The discussion here does not concern one set of policies versus another set; it is concerned with the common problems involved in any type of planning by administrative agencies.

problems in the various substantive fields of planning, there are several aspects of planning as a process which deserve consideration. Let us take these up in their proper order.

2. The Machinery for Planning

The organizational means for performing the planning task are not easily devised. Since preparation for action is the very essence of administration, it is scarcely possible to segregate planning as a single act, different from all other work. In dividing responsibilities, an administrator cannot say, "Planning is assigned to this particular branch." Planning in one form or another goes on at all levels of an administrative organization. Almost the entire personnel contributes in some way to the preparation of objectives and programs.

Yet, considering the task of planning as a phase of management, administrators have often found it convenient and desirable to establish some unit to which they may look principally as their adviser on planning. As enterprises get larger, a need is felt for some place where various plans can be assembled, reviewed, fitted together, and adjusted to one another. There is also a need for some particular officer or unit to lay out the common procedures—and the common assumptions—upon which planning is to be based

Federal Improvisation Until 1934, no planning agency as such was attached directly to the President. Planning carried on within the government was parceled out among the various agencies. In general, each agency was responsible for preparing plans related to its work. Sometimes a single department was given broad planning responsibilities. Thus, the National Defense Act as amended on June 4, 1920, provided that the Assistant Secretary of War should assure "adequate provision for the mobilization of material and industrial organizations essential to wartime needs" (Sec. 5a). This served as the basis for building up what amounted to a national planning staff on economic mobilization within the War Department.

In theory, the Cabinet was supposed to be an agency for debating and advising the President on major questions of policy. From such evidence as is available we know that it seldom reached such lofty stature. It was not equipped to do so Presidents had their confidential advisers, who were in effect their planners. Occasionally, too, special committees and agencies were created to propose specific programs One of these was the Committee on Economic Security, set up in June, 1934, whose report early in 1935 preceded the enactment of our social security legislation. The Federal Employment Stabilization Board was created by act of Congress in 1931 to plan governmental programs for promoting employment during the downswing of the business cycle. This board was abolished in 1933. The National Commission on Law Observance and Enforcement was another agency specifically created by act of Congress. It was entrusted in 1930

with the task of reviewing the whole system of federal justice and planning improvements, embodied in a series of 14 reports. However, no continuing organization was provided until 1934 to meet the need for a central planning agency under the chief executive.

National Resources Planning Board. On June 30, 1934, by Executive Order No. 6777, President Roosevelt established the National Resources Board composed of five members of his Cabinet, the Federal Emergency Relief Administrator, and three prominent citizens A small staff was provided. This new agency was in a sense a continuation of a planning board created by the Administrator of the Federal Emergency Administration for Public Works. The new board's report of December 1, 1934, stated that for the "first time in our history" exhaustive studies on land use, water use, minerals, and related public works had been brought together The basis was laid for a "comprehensive long-range national policy for the conservation and development of our fabulous natural resources." In 1935, the National Resources Board was reconstituted as the National Resources Committee with virtually the same membership.

In its report of January 8, 1937, the President's Committee on Administrative Management declared:

> The President must be given direct control over and be charged with immediate responsibility for the great managerial functions of the government which affect all of the administrative departments . . These functions are personnel management, fiscal and organizational management, and planning management. Within these three groups may be comprehended all of the essential elements of business management

The President's Committee recommended that a National Resources Board, composed of five members without salary and with indefinite terms, be created to serve as a central planning agency under the chief executive After the passage of the Reorganization Act of 1939, the President in Reorganization Plan No 1 of April 25, 1939, provided for a National Resources Planning Board. The Emergency Relief Appropriation Act of 1939 specified that the board should be composed of three persons "from widely separated sections of the United States," appointed by the President with the approval of the Senate The National Resources Planning Board came to an end when Congress, in passing the Independent Offices Appropriation Act of 1944, refused to include any funds for its operations, and specifically directed that no other funds were to be made available for its continuance by the President.

This experience with a central planning agency in the federal government underscored the difficulties which are likely to beset such a unit. One essential condition for the successful operation of a planning agency is close and personal relationship with the chief executive The planners must have his full confidence and must intimately know his mind. It is doubtful whether any board can ever develop such relationships. Especially

would this be impossible when a board is torn by internal personal jealousies or disagreements. Moreover, the planning agency must also be linked to operations if its proposals are to be more than long-distance platitudes, and if its usefulness is to be apparent to legislators. Then, too, the planning agency must be used. For example, although the National Resources Board was set up by the President as early as June, 1934, it played no part in planning the most important single program of the federal government from 1933 to 1940—the emergency work program begun by the Emergency Relief Appropriation Act of April 8, 1935. Indeed, the story of planning this great program is a fascinating example of how a government undertaking is prepared and put into operation. It has been told in full elsewhere.[7]

Office of War Mobilization and Reconversion. Before the National Resources Planning Board was abolished, a new type of planning agency was already in process of development. This was the Office of War Mobilization, which was created by Executive Order No. 9347 of May 27, 1943. Ostensibly a coordinating device for the many wartime programs such as those of the War Production Board, Office of Price Administration, War Food Administration, National War Labor Board, and the War and Navy Departments, the new office also became implicitly a central planning agency. It was under its auspices that Bernard Baruch and John Hancock submitted their Report on War and Postwar Adjustment Policies The preparation of legislation on disposal of surplus property and on the settlement of terminated contracts was sponsored by this office. The War Mobilization and Reconversion Act of October 3, 1944, placed the Office of War Mobilization and Reconversion on a statutory—though temporary—basis and entrusted to it important planning responsibilities

In several respects the Office of War Mobilization, especially in its original form, suggested a device superior to the National Resources Planning Board It was headed by a single individual with close relationship to the President. It was concerned with immediate programs and policies as well as with the preparation of future programs There was little doubt about its contribution to war and postwar administration, even though not all of its potentialities were realized

New York City Planning Commission. A different kind of planning organization was set up in New York City by the charter adopted in 1936 Effective on January 1, 1938, this charter provided for a City Planning Commission of seven members, one of whom *ex officio* was the chief engineer of the Board of Estimate. The other six members were to be appointed by the mayor for terms of eight years. Members could be removed by the mayor only on proof of official misconduct, negligence, conduct discrediting the office, or mental or physical inability; a formal hearing was required

[7] See Macmahon Arthur W, Millett John D and Ogden, G, *The Administration of Federal Work Relief* esp chs 1 3 Chicago Public Administration Service, 1941

before removal. Salaries of the members were not to be reduced during their tenure. The recommendations of the City Planning Commission on zoning regulations, the city map, and land subdivisions became effective unless set aside by a three-fourths majority of the Board of Estimate. Finally, the commission prepared the capital expenditure budget of the city for adoption by the Board of Estimate and the municipal council. The Board of Estimate might include a project in the capital budget to which the City Planning Commission was opposed only by a three-fourths majority. The municipal council could strike out a capital item but could not increase one or add new ones.

Thus in several ways the charter-makers sought to provide an independent type of planning agency for city affairs. The reasons are best summarized in the words of the framers of the charter themselves:[8]

> The primary purpose of such a commission is to guide and to influence the city in its development and future growth. The growth and development of a modern city depend upon the wisdom and foresight with which capital improvements are undertaken and the extent to which the integrity of zoning regulations and of the city map is maintained. Unfortunately, such expenditures too often have been undertaken because of local and special pressures and without relation to the interests of the city as a whole. Great waste has resulted and a species of logrolling has developed in connection with measures affecting local or special interests. Such evils inevitably occur in representative government when several representatives of separate constituencies may join in supporting measures of local or special interest affecting their several constituencies or followings. But such evils are not to be cured by abolishing representative government, or by substituting one representative body for another. They should be controlled by publicly confronting the representatives with the interests of the public at large. Too often such interest finds no advocacy because the local political or special interest is organized and the general interest is not.
>
> It is therefore proposed to create a responsible, independent commission concerned with the welfare of the whole city, to advise and report upon all questions affecting the growth of the city, including the expenditure of capital funds, changes in zoning, and changes in the city map. . . . The commission will report its conclusions for the consideration and action of the Board of Estimate. All proposals for improvements or for changes in the city map or zoning regulations must first be referred to the Planning Commission. If approved, the Board of Estimate may adopt them by majority vote; if not approved, twelve affirmative votes [three-fourths] are required. Thus the Board of Estimate, consisting of the elected representatives of the people, is given the final decision as to the projects to be adopted, but the function of planning and recommendation is given to a nonpolitical, full-time body whose decisions cannot be lightly overriden.

Here was an attempt to create a rather independent planning commis-

[8] *Preliminary Report and Draft of Proposed Charter for the City of New York*, pp. 8-9, New York: New York City Charter Revision Commission, 1936.

sion. Undoubtedly this effort was prompted in large part by the nature of the responsibility entrusted to the commission—planning and control of land use. The drafters of the city charter sought a means to prevent the many abuses in land use which had previously occurred. But the approach proved to be a negative one. When the commission sought to lay out a comprehensive zoning regulation, the political authorities of the city were not prepared to accept the program and fundamental modifications were necessary.[9] Thus need for political leadership in planning was well demonstrated. The independent commission was not as independent in accomplishing its mission as might have been expected

Departmental Planning Units. Within the main agencies of the federal government, several department heads have found a need for at least an individual adviser to help in the preparation of departmental plans.[10] In some departments yet another step has been taken—the establishment of a planning office. If a department is to play its role as an integrating force for the operating establishments composing it, strong central planning machinery is necessary Secretary Elihu Root perceived this need for the War Department after the Spanish-American War His efforts led to the creation of the position of Chief of Staff and the establishment of the General Staff in 1903. More recently the Department of Agriculture took a similar step by making its Bureau of Agricultural Economics a central planning unit[11]

There are a number of organizational problems connected with planning Shall the planning agency be headed by a single individual or a board? Shall the planning agency be a single adviser or a fairly sizable office? Shall it be closely tied to the chief executive or department head, or shall it be given some kind of protected status to encourage what has been called an independent point of view? The answers which modern proponents of administrative management would give are clear Leadership in planning is a responsibility of the chief executive or department head The administrator needs planning assistance which can best be afforded by a single individual as head of an adequate planning unit. Only in this way can planning contribute its full potentialities to efficient administration.

3. Planning Versus Operations

Opportunities for Conflict Forty years ago, Elihu Root spoke of the "eternal issue of planning versus administration" The question is indeed

[9] See Tugwell, R G 'Implementing the General Interest, *Public Administration Review* 1940, Vol 1 p 32 *ff*

[10] See Macmahon Arthur W and Millett, John D, *Federal Administrators,* ch 4, New York Columbia University Press, 1939

[11] Gaus, John M and Wolcott, Leon O, *Public Administration and the Department of Agriculture* p 311, Chicago Public Administration Service, 1940 The most comprehensive study of the military prototype is Nelson, Otto L, *National Security and the General Staff* Washington Infantry Journal Press, 1946

eternal; no ready solution is available today any more than four decades ago. In its essence, the problem has two phases. One is the relationship of planning to operations, or of planners to administrators. The other is the relationship of plans to action.

There is apt to develop in any agency the attitude among subordinate operating units that the staff personnel at superior levels spends its time developing programs which prove impractical in execution. The complaint may in reality be based on failure of consultation and explanation. Of one thing there is little doubt; all plans must be closely geared to operations. They must be realizable; and that means capable of execution by the operating units. It is a matter of personal relations as well as of effective management for planning staffs to maintain continuing contact with operating personnel—to know their problems, seek their advice, and review proposed programs prior to action.

Task of Progressive Management. It is a fairly good rule, and one that should be generally observed in administrative practice, for a central planning agency in municipal, state, or federal government, or even in a large department, to do as little direct planning as possible. The central unit should stimulate and review; it should experiment with new techniques and devices; it should cover subjects not within the scope of subordinate units. For other activities, there are reasons of expediency and efficiency which urge that subordinate operating agencies or units be encouraged to do the bulk of necessary planning. It is an indication of poor management when cleavages develop between planning staffs and operating officials.

To be sure, planners are expected to be imaginative, to project bold courses of action, to weigh all possible alternatives. Operating officials may have their horizons more narrowly limited to their immediate concerns. Frequently they may let reasons of convenience sway them against a proposed line of action because it may mean more work for them. These are dangers that must be guarded against. On the other hand, it is vitally important that all operating obstacles be clearly understood before a particular policy or program is adopted. Such difficulties can be most readily forecast by those having operating responsibilities. Thus a balance must always be sought between broadly conceived goals and the practical limitations of ways and means. This is just another way of saying that the gulf between planning and operations must be bridged by progressive management.

Planners as Administrators. The other phase of the issue between planning and performance concerns the execution of well-laid plans. Specifically, should planners become the administrators of their plans when adopted? Here again no categorical answer is possible. If there is such a thing as an identifiable planning mentality, it may well be that its necessary characteristics are different from those required to make a successful administrator. On the other hand, we do observe in certain agencies the

practice of assigning to a group of men the developing task of long-range plans for certain operations. Later, as the time approaches for action, the same people are assigned to supervise execution. Under appropriate conditions, the practice may work satisfactorily. The planners thus become the administrative supervisors.

Yet, when supervisory authority is lodged in the same staff agency that exercises planning responsibilities, the planning function may suffer. In 1942, before he became Deputy Chief of Staff of the Army, General McNarney told a Senate committee that the General Staff of the War Department had taken on so many administrative duties that its planning work had suffered in consequence.[12] The answer in this case was to set up three great commands to exercise virtually all War Department functions in the United States and so free the General Staff of its burdensome coordinating job. There is always a danger that a planning unit may find administrative supervision of day-to-day work more tangible and more interesting than planning. This is especially apt to happen if there is no other agency for exercising the necessary measure of supervision. Certain it is that ability as a planner is not sure proof of administrative capacity. The combination of the two tasks in the same individual or agency is not a foolproof method of uniting planning and operations.

Practical Test of Planning. Plans should be intended for action. When approved, and when the necessary funds are made available, a set of plans must next be carried out. Action accordingly follows after the planning. Much of the success in operation depends upon the thoroughness of the plans. And purposeful administrative activity depends upon advance preparation. There is no inherent conflict between planning and operations. The two are inexorably entwined.

David Lilienthal, chairman of the Tennessee Valley Authority, mentions with some pride that nowhere on its organization chart will the student find a Department of Social Planning, and that there is no TVA "plan."[13] Yet he admits that TVA is a planning agency. "The TVA idea of planning sees action and planning not as things separate and apart but as one single and continuous process."[14] Mr. Lilienthal goes on to argue that the development of a region is a course of action. He acknowledges that TVA has made many plans, but he also emphasizes the authority's responsibility for action in the following words:

> In the TVA the merging of planning and responsibility for the carrying out of those plans forces our technicians to make them a part of the main stream of living in the region or community; this it is that breathes into plans the breath of life. For in the Tennessee Valley the expert cannot escape from the consequences of his planning, as he can and

[12] Senate Committee on Military Affairs, *Hearings on a Bill to Establish a Department of Defense Coordination and Control*, p. 13, 76th Cong., 2nd Sess., March 6, 1942

[13] Lilienthal, David E., *TVA—Democracy on the March*, p. 192, New York: Harper, 1944.

[14] *Ibid.*, p. 199.

> usually does where it is divorced from execution This has a profound effect on the experts themselves. Where planning is conceived of in this way, the necessity that experts should be close to the problems with which they are dealing is evident [15]

Planning Through Action Agencies. Mr. Lilienthal is not arguing against planning. Rather, he is emphasizing that planning should be done by action agencies or action units. His position is a strong one. His case can be applied to a large department as well as to TVA in its relations to the government as a whole. There is good reason indeed why the primary responsibility for the preparation of plans should be placed upon operating officials. But usually they will need to have specially designated personnel to develop the plans. And all the plans must be put together as a whole.

Although Mr. Lilienthal does not say so, we may presume that the TVA board and its general manager found that they themselves could put the plans of operating officials together. Hence there was no need for central staff planners in TVA. Nor does Mr. Lilienthal deny that TVA plans must in the long run be made to harmonize with the plans of the federal government as a whole However, it is advantageous and desirable to leave a maximum measure of planning responsibility to operating agencies or units, and to encourage close relationships between planning specialists and those who will direct the execution of plans.

4. The Requirements of Planning

Long-Range Versus Short-Range Planning The question of whether to place emphasis upon long-range or short-range planning is very similar to the issue of the relation of planning to operations Students of administration have noticed a tendency in many agencies to concentrate attention upon matters of short-range concern, to the exclusion of any interest in longer-range goals. No doubt this practice reflects in part the interest of administrative officials in action; they want to see something happen—and soon. It also discloses a natural responsiveness to legislative attitudes; lawmakers do not look with fond eyes on long-range planning by the executive branch. Furthermore, it reveals that the postponement of thought about long-range goals may often result from the pressures of the current job.

This kind of tendency can arise even in a planning agency. For example, the New York City Planning Commission had a Division of Master Plan with two main duties: first, long-range concern with the future physical improvement of the city; second, the current job of preparing reports on proposed building sites for immediate construction, reviewing assessable improvements, and commenting on the proposed sale of city properties. The staff of the division was not large enough to permit adequate efforts

[15] *Ibid* p 201 (by permission of the publisher)

on both jobs. As a result, the current work was done, and the long-range planning neglected. The eventual solution in this case was to take on one additional engineer to routinize the current work by devising "stock" comments and forms, and to set up a separate section to concentrate upon the long-range master plan. Isolation of the long-range planners was avoided by short, informal staff conferences held each day within the division. This change evidently achieved the desired results.[16]

Ideally, there should be no conflict between short-run and long-run planning. The two again are interrelated. Short-run plans must be part of a long-range objective, if the work when accomplished is to have any meaning. A new, wide street laid out to the edge of a city, built to haul much traffic, will be of little use unless it is connected with main roads and unless the city grows in that direction. A plan for the expansion of a manufacturing plant will be of little value unless there is a sustained market demand for the product when made. There is no point in developing harbor facilities unless there is also a longer-range plan for moving increased tonnage through the port.

At the same time, the determination of short-run programs is the occasion for reviewing the adequacy of long-range plans and for modifying them to meet current conditions. The desirable connection is exemplified in current capital budgeting practices in our more advanced cities. The usual practice is to adopt each year an annual program of capital improvements, but simultaneously to furnish a plan for desirable improvements over the next five years. Each year a current program is presented, and another year added to the long-run plan. The National Resources Planning Board followed the same practice from 1940 to 1942 in presenting a six-year program of construction to be undertaken or financed by the federal government. Generally speaking, it is the task of competent management to make certain that a proper balance is maintained between short-run and long-run planning.

Planning Personnel. The president of a large company once remarked that there are only a few men in any organization to whom planning responsibilities can be entrusted. Most people, he observed, are frightened when asked to look ahead and prepare for future activities. In other words, this executive was convinced that there was a special type of personnel best suited for planning.

Unquestionably, there are certain attributes which are desirable in a planner. He must be imaginative, broad-visioned, willing to explore new and unusual conceptions, free from prejudice about basic goals. He must be objective, thorough, flexible. He should be willing to canvass alternatives and forecast probable results without extravagant optimism or pessim-

[16] See Boeml, A. Andrew, "Organization of a City Planning Department for Current and Long Term Activities," Report No. 21, *Case Reports in Public Administration*, Vol. I, Chicago Public Administration Service, 1940.

ism. He must have technical competence in his field of work. He must not be afraid of details. He must have a mind which quickly perceives interrelationships between various programs of action, and fits pieces together into a harmonious whole. He must be able to get along well with others throughout the organization. In other words, he must be a good staff officer. All these characteristics are desirable in planning personnel.

To be sure, it is easier to state these general qualifications than it is to measure them In large part, the personality traits just described can only be judged subjectively A chief executive or administrator will have to decide which prospective candidates possess the desired combination of characteristics for staff leadership in planning. This is merely a way of saying that few selections by an administrator are more important to the success of his enterprise than the designation of his chief planner. It is a vital choice, and not one to be made hastily or casually.

Because planning is so intimately allied with questions of major policy and decision, it is frequently believed that the planners must necessarily be political officers. Presidents and department heads are usually expected to draw their close advisers from among their personal confidants or political associates. This practice has its advantages It brings new backgrounds and points of view into the public service It often helps to ensure loyalty and full trust between the administrator and his advisers

The defects in this practice, however, are equally obvious. The newcomer must take a long period to become fully acquainted with the agency where he is assigned. He must learn the full impact of present programs and the probable repercussions of change. More than this, he must be able to command positive reactions all the way down the administrative hierarchy. He has to be very sure of himself and well versed in administrative practices to achieve so much.

If the administrator seeks his planning advisers from within the ranks of the permanent civil service, he will gain the advantage of having individuals with a full knowledge of personalities, programs, and problems peculiar to the particular department Today, in the federal government and in most states, our departments are so large that many different points of view and types of individuals are to be found within them It is likely that an agency head can find, without too much difficulty, the civil servant upon whom he will be willing to rely heavily as a planning adviser.

Yet if a civil servant is to fill such a position, he must inevitably associate himself with the policies of his chief. When those policies are changed by a successor, the planner is likely to go too Must the price for direction of planning activities be eventual severance from the public service? It would seem desirable to develop some arrangement whereby civil servants might hold higher posts like this under one political leadership and in case of change be returned to their earlier duties or other responsibilities. For instance, it was found a few years ago that the Post Office Department was

largely managed by the deputy assistant postmasters general and the chief inspectors, who were drawn from the ranks of the department but who tended to shift with changes in departmental leadership.[17] When replaced, a deputy assistant postmaster general went back to his previous position. While this arrangement had its defects, it might serve as a precedent for application to planning personnel.

Another question is whether special efforts should be made through civil service procedures to recruit specialized personnel specifically for staff work in planning agencies. The answer would appear to depend upon the characteristics of individual agencies If the tendency for public agencies to seek young technicians in many different fields for operating and management jobs should continue, there would be no reason to advocate any special approach for the recruitment of planning personnel. The scope of the professions now recognized in the merit system should be sufficient to meet planning needs. We must remember that planning is a management function; it is a technique, a method, an attitude. It is not some special body of knowledge. Planning is performed as a phase of operations in various fields. We should continue to seek general professional competence first, and then look for the individual with the peculiar personal qualifications and inclinations which make him suitable for the planning staff of an agency

Planning Techniques. Research and planning are not synonymous; rather, the two are complementary. Careful collection of all available information and analysis of past trends usually precedes the formulation of future action. Planning is this second step—the formulation of future action to attain desirable ends.

One method of procedure in planning is to begin with certain standards of attainment in a particular field. If a standard is available, it may be used as a measuring rod in determining what we have as contrasted with what is desirable. The difference, or "gap," is an indication of what we have to do. The final step is to lay out a program for achieving the desired standard. Another way of stating the same procedure is: (1) to determine the objectives; (2) to measure the distance between the present status and the objectives; (3) to determine the program for realizing the objectives.

In its last year, the National Resources Planning Board experimented with the latter approach in several different fields. For instance, the standard of nutritional need was used as a guide to land-use planning in agriculture. The objective was an American population provided with an adequate and properly balanced diet. The science of nutrition had reached a point where it could say with precision what an adequate and balanced diet is. Diet needs per individual for different types of food, multiplied by total population, gave the objective in quantitative terms. This objec-

[17] See Macmahon and Millett, *op. cit.* in note 10, p 36.

tive in turn was translated into acreage requirements. Required acreage compared with existing acreage indicated broadly the "gap" to be bridged in obtaining agricultural production for an adequate food consumption.

The same approach was used for public libraries. With the assistance of the National Resources Planning Board, the American Library Association undertook to formulate standards for public libraries.[18] Comparison of existing library service with these standards supplied a basis for preparation of a program to realize the standards.

The principal mechanism of urban land-use planning has long been the master plan, which is designed to present the current conception of long-run city development. More specifically, it presents an estimate of needed capital improvements. This means, of course, laying out the expected population growth and shifts within a city, and then providing the facilities to meet the anticipated needs. It implies some standard for indicating needs in schools, parks, fire houses, streets, sewers, water mains, and all other municipal facilities.[19] The master plan also shows all existing public structures. In short, it is expected to provide the basic data for a capital-improvement budget for a city. Unfortunately, few cities in the United States have ever developed even a good approximation of a master plan. Much improvisation still passes as city planning.

For many years the United States Forest Service has used a forest management plan as its basic planning program. Under this program, each supervisor of a forest keeps an up to date local forest management plan for his area. This plan divides a forest into working circles. For each circle there are data about topography, number of trees, and rate of growth. The plan then indicates the silvicultural system or the genetics and ecology of tree growth, the timber yield, the policy on timber sales, the selection of areas to be cut, and the annual permissible cut. The forest management plan became the basis in turn for a regional management plan, which was incorporated into a national management plan. Thus the Forest Service developed a program for its work in forestry operation.

There are various techniques for planning, but they have in common the collection of relevant data on which to build a program for realizing specified objectives. Whatever techniques are employed, planning must look forward; it must propose desirable action. The more concrete and detailed the program, the better has been the planning. And this means inevitably more efficient administration. Studies in themselves are not plans. The planning job is not done until specific and detailed programs have been worked out. The plans should be in such condition that operating officials could begin immediately to carry them out.

[18] See *Postwar Standards for Public Libraries*. Chicago: American Library Association, 1943.

[19] See, for example, "Preliminary Report of the Committee on Park and Recreation Standards," in *Planning, 1943*, p. 106 *ff*. Chicago: American Society of Planning Officials, 1943.

Public Relations of Planning. The final problem of planning is getting the program across. As we saw, planning is a responsibility of the top administrator. It is his duty to present the program to the chief executive and to the legislature. He is the advocate. The technicians who may have prepared the data are only members of his staff.

Yet the administrator must naturally be concerned about the public repercussions of a program he accepts. This has led many planners to feel that they must themselves cultivate outside sources of support. Certainly it may be contended that planners should consult many different groups in framing proposals. A sense of participation may encourage some individuals and groups to endorse later plans. There is much room in the planning process for advisory committees as well as for extensive consultation with citizen and interest groups.

Some chief planners have found it desirable that they themselves serve as intermediaries between their technical staffs and the public. They have feared that their "experts" might frighten or upset the average citizen or legislator. So they have been the filters for presentation of data and proposals to the outside. There is much to say for this practice. Chief planners must also supply the links between their technicians and the political head of the agency—a task requiring considerable skill in communication and interpretation.

Planning, viewed from the angle of its concrete end-product, leads to a selling job. The planning personnel must be prepared to help in the process of sale. The burden of getting programs accepted cannot be left solely to the responsible political chief. While the planner must make it clear that he is not the official responsible for determining policy, he must assist in showing the grounds which make a program desirable. It follows that for many reasons planners, because they are planners, cannot afford to ignore the public-relations problems inherent in their job.

Summary. Preparation for action is a vital—indeed an indispensable—part of administration. It is the first responsibility of management. Many other phases of management must flow in turn from planning. Particularly, budgeting is very closely tied to planning, for the budget is merely the fiscal expression of work plans.[20] Organizational planning follows the tasks laid out for an agency. Planning covers many fields—conservation of natural resources, land use, public works, economic development. An administrator, to perform his planning responsibility, must have the necessary staff whose head works in close personal relationship with him. Planners at the higher levels in the administrative hierarchy have a management job to do. They have to stimulate planning by other staff and operating agencies or units, in order to ensure that plans are in balance, that synthesis has been achieved, and that all aspects have been fully considered. Planners

[20] See Walker, Robert A., "The Relation of Budgeting to Program Planning," *Public Administration Review*, 1944, Vol. 4, p. 97 *ff.*

must prepare plans themselves in those fields where there is no operating agency. Planning and operations should not be regarded as being antagonistic. Rather, they should be considered as interlocking and as representing succeeding phases of administrative activity. So also short-range plans should be carefully geared to long-range objectives. Planning techniques should be designed to lay out work programs for meeting determined goals. Capital budgets and current operating budgets should be phases of these techniques.

Personnel engaged in planning should be carefully selected for technical competence and ability to think ahead in original projections. Planning requires careful definition of objectives, wherever possible in quantitative terms, on the basis of an inventory of present status and resources and aiming at a program for realizing these objectives. Consultation with various interested groups is an essential part of this process. Well-defined objectives—a clear comprehension of goals—means purposeful administration accompanied by the least possible loss in wasted effort.

CHAPTER 7

Working Concepts of Organization

1. The Architecture of Organization

Terminology. Organization is the method of dividing up work. It rests upon two basic conditions. First, organization implies that there is a job to be done. Second, division of work becomes necessary only when a number of individuals are involved in accomplishing a particular job. In a relatively simple situation, organization may be informal and even implicit. It may depend upon tradition or habit. As the job becomes larger, as the purpose becomes more complex, as the number of people performing the job increases, organization tends to be more exactly defined.

When we use the word "organization," we shall have in mind a rather restricted and particular meaning. We are not concerned with the organization of government as a federal republic, or with its legislative, executive and judicial branches; here we are not dealing with basic theories about political structure. Nor are we touching upon the organization of society into family units, social groups, or economic associations. Our concern now is with specific work undertaken by government, whether federal, state, or local. Many of the considerations to which we have to pay attention hence are also applicable to business enterprise, and likewise to undertakings such as hospitals and schools. Organization, for our present purposes, refers to the structure developed for carrying out the tasks entrusted to the chief executive and his administrative subordinates in government.

It is customary to point out that organization has grown in importance with the increasing specialization of individuals. Division of labor, for example, was a basic factor in industrialization. We found that productive output increased with specialization. But specialization required organization, since all effort must add up to the desired output. We do not get a suit of clothes unless the cutters use a suit pattern in cutting the cloth and the sewers know the particular parts to sew and in what order. If all the workers sewed sleeves, there would be no suit. So we must have workers who sew sleeves, and others who sew coat seams, and still others

who sew the trousers. The work of each must be thus systematically allocated in order to achieve the desired product.

Over the years we have developed a number of definite conceptions of the ways in which work can and should be divided. To be sure, we are a long way yet from final and conclusive answers to all organizational questions. There are differences of opinion about many particular phases of organization. There is ample room for experimentation in organizational relations. Administrative structure is not static. New ideas bring new trends in organization. Yet there remain certain fundamental concepts in organization which all should understand. Phrases like "bases of organization," "unity of command," "hierarchy," "decentralization," "staff and line," and "span of control" have rather definite meanings. It will prove useful in the present chapter to review briefly these working concepts of organization.

Bases of Organization. Students of organization usually recognize four different bases for organizations, in the sense of different methods of dividing up a job. These are: function or purpose, process or profession, clientele or commodity, and area.

Function or purpose is fairly easy to define. Education of children through a public school system is a particular function or purpose which an agency may be established to perform. The conduct of foreign relations, the collection of taxes, the operation of a navy, the provision of public assistance to the destitute, the disposal of garbage and refuse—all of these are functional definitions of administrative jobs. Within a particular field, too, such as public welfare or social security, the component parts of governmental activity may be divided functionally, as between unemployment insurance and what we used to call relief. On an assembly line, in much the same way, the job of putting together an automobile is broken up into various functions. The wheels and then the engine are attached to the chassis, the body and fenders are added later, and finally the completed automobile rolls from the assembly line. Each man along the line has performed a particular function, such as fastening on a wheel or connecting a driveshaft.

Functional division of duties or division by purpose is perhaps the most common of all methods of promoting specialization. There are many who maintain that it is the only efficient method, since it alone prevents duplication and conflicts between the work of various individuals. Whether this be true or not, functionalization is readily apparent in most large organizations.

Process as a basis of organization is somewhat more difficult to define. Often it is identified with a profession such as engineering, or with a technique such as accounting. Medical care wherever provided—whether in schools, in health centers, or in hospitals—may be regarded as a process rather than as a function. Legal departments in government—federal, state,

and local—are of a similar character, although they are closely related to the function of law enforcement.

Process or profession is likely to be found more commonly as a basis of staff organization than as one of line organization. This is a distinction to which we shall return later. It is sufficient here to note that some confusion results when we try to define process as a basis for allocating work. It is not always easy to draw a line between function and process. If a distinction does not readily appear, it may be just as well to consider the two as one.

Clientele is much more easily identified as a way of dividing up work. The Office of Indian Affairs in the Department of the Interior is a good example. This office must provide education, welfare, and other services for a particular group—the American Indian. The Department of Labor also is supposed to recognize a very important clientele, the labor element of our population as contrasted with professional and managerial personnel. The Children's Bureau is yet another illustration of clientele as the basis of establishing a particular organization. A hospital for the mentally ill looks toward a particular clientele, as does a school for the blind or deaf. The Veterans Administration is a further example. Any analysis of administrative structure will quickly reveal many instances where clientele has been the basis for determining institutional responsibilities.

Commodity differentiations used for organization are similar to those of clientele. In any procurement operation some breakdown by commodity may be expected. In the War and Navy Departments, supply activities are divided along commodity lines, guns and ammunition being purchased and stored separately from construction equipment, aircraft, medical supplies, communications equipment, and general supplies.

Finally, the place where a job is done—that is, the area—may be a primary basis for organizing activities. The geographic factor is very important in administration; it will be separately discussed in connection with decentralization. By their very title, district offices suggest the geographic definition of duties. The Division of Territories and Island Possessions in the Department of the Interior is an establishment that deals with the problems of particular areas. Within the War Department structure, the military post in the field has long been the center for a number of different activities, all tied together by the geographic fact of their location. The Tennessee Valley Authority is an outstanding example of an organization established to perform several different functions in a designated area.

Choice of Basis. Enough has been said to afford some general understanding of the different alternatives available for designing organization. Each has its advantages, but each presents particular problems.[1] It is

[1] For a good summary of the advantages and disadvantages of these bases of organization see Gulick, Luther, "The Theory of Organization," in Gulick, L. and Urwick, L., eds., *Papers on the Science of Administration*, pp. 21-30, New York: Institute of Public Administration, 1937.

not necessary to debate relative merits in order to gain a fundamental appreciation of organizational problems. No one has yet given us conclusive evidence that would enable us to say that there is but one best way to organize for action. There are—as we have seen—four different ways, and one may present compelling arguments in a given situation. The key lies often in the situation, or rather in a thoughtful appreciation of the total line-up of relevant factors.

It is not always recognized that all of these methods of organizing work may be employed in one agency, at succeeding levels in the division of work. One example may be cited. Under the work relief program of the federal government from 1935 to 1942, the first breakdown below the level of the national office was geographic—by state boundary lines. Status as an organizationally separate state was granted to New York City. Within this quasi-state office at one time were four so-called operating divisions: Operations, Women's and Professional Projects, Employment, and Finance. Operations referred to construction projects; in essence this entailed a process. Women's and Professional Projects, on the other hand, was a division based on clientele, on the type of person employed. Employment involved the function of determining who was eligible for work and assigning those eligible to various projects. Finally, Finance was largely the internal job of keeping project accounts and preparing payrolls for the workers. This too could be called a process, or, if we choose, a function. Thus a whole criss-cross of organizational patterns was to be found in this one agency.

Nor is such a situation unique. Indeed, we may expect to find it in any large-scale enterprise. A combination of organizational patterns does not in itself suggest an undesirable or inefficient structure. It may rightfully demand careful scrutiny with a view to simplification However, we can not automatically say that an organization which employs more than one basis for its division of duties is a faulty organization. Our analysis must be more penetrating and conclusive than that.

Dynamics and Rigidities. As the United States expanded from east to west, and as its population increased sevenfold in one hundred years, the work of its administrative agencies likewise expanded. The changing nature of governmental activities—particularly in depression and in war—brought about a further increase in administrative work. Some work begun many years ago has become less important, if not completely obsolete. Both aspects of the development entail alterations in organizational structure to meet new conditions. Shifts in emphasis usually mean shifts in organization.

Yet there are certain important elements of rigidity in administrative structure that should never be overlooked. The history of attempts at general administrative reorganization of the federal government from 1909 to date reveals this fact only too clearly. Many agencies have cultivated very

close relations with particular interest groups. These groups in turn have opposed any move which could be interpreted as tending to diminish the importance of their favored agency—or impairing their own influence upon its policy. Interagency jealousies also played their part in preventing organizational change. For example, the rivalry and even hostility between the National Park Service and the United States Forest Service were notorious in Washington ever since the Ballinger-Pinchot controversy of 1909. This feud may have been one of the obstructions in the path of reorganization proposals in 1923 and in 1937, because forestry enthusiasts feared that the Forest Service might be transferred to the Department of the Interior and merged with the Park Service.

Moreover, few administrators face the problem, or the opportunity, of organizing their agency from scratch. Only when a new agency is set up to undertake a new job does the head and his assistants have to decide what factors shall govern the division of labor. Most administrators inherit an agency, complete with its existing structure, history, and traditions. Organizational change then becomes difficult to achieve. Frequently it may take a long time and a gradual program in order to realize the desired organizational pattern. It makes little difference that the nature of an agency's work may have greatly changed over a period of years. Corresponding alterations in structure which emphasize the new jobs and consolidate the less important ones are not easy of accomplishment.

Political Factors in Organization. The relative immobility of many so-called old-line agencies is one reason why chief executives often prefer the creation of new agencies to carry out new tasks rather than to entrust the additional programs to an existing agency with its settled way of thinking, its already solidified clientele, and its fixed organizational traditions. Reasons of general administrative logic may suggest that related duties should be assigned to an agency possessing some "know-how." Reasons of high policy may dictate the exact reverse. There is, in fact, no purely administrative or organizational answer to this situation.

Unfortunately, organizational theory does not ordinarily recognize the personality factor. In reality, this is apt to be an important if not a controlling consideration in determining the organizational structure of any agency. The desire or need to accommodate a certain individual may lead to modification in structure simply for the benefit of that individual, or because consideration accorded him may secure more important advantages. It has happened, for instance, that the entire field organization of a great agency was adjusted to one top man who insisted that he could "work" only in a direct command relationship to field installations. Many a reorganization has been wrecked on the reef of personality. The student in the classroom or the writer on organization may pretend that personality factors are unimportant; the administrator, in determining organizational structure, may ignore them only at his own peril.

We may hear someone say, upon looking at an organization chart, "It may work; it all depends upon the individuals who are assigned to run it." In the present state of our knowledge about public administration, it is probably as sound to pick key individuals and build the organization around them as it is to establish the administrative structure and then seek the individuals to fill the key posts. Of course, the first alternative would not commend itself when there is likelihood of continued turnover in the key positions.

To repeat, there are at least four different ways to divide up any major job, and all four may be used at various levels in the same agency. No one way is necessarily the best. It is vital, however, that the organizational pattern be clearly explained to all who are expected to help make it work. The personnel must understand how the job is divided and how the parts fit together. Without this, no structure can accomplish its purpose successfully.

2. Line and Staff

In 1927, William F. Willoughby of the Institute for Government Research pointed out a "fundamental distinction" between the functional and the institutional activities of governmental services.[2] Functional activities, he said, are those an agency is expected to perform—in other words, the objectives of the agency. Institutional activities are the work that must be done in order to keep the agency in operation.

This distinction is similar to another one often made by writers on organization; it is the distinction between line and staff. Both words have a military origin, although they are now employed generally in civilian as well as military administration.

Meaning of Line. The word "line" is fairly simple to define. It refers to what in military practice is termed the "chain of command." Line means the subordinate division of operating responsibility. Thus, in the federal government, we say that the line runs from the President to department heads to bureau chiefs, and so on downward. Or when the Federal Security Agency was set up, the line included the administrator of the agency, the Social Security Board as a directing unit, its executive director, the chiefs of the Bureaus of Old-Age and Survivors Insurance, Employment Security, and Public Assistance, and their operating subordinates. Or in a tactical military organization, the line is made up of the army commander, corps commander, division commander, regimental commander, battalion commander, company commander, and platoon leader.

Concepts about the bases of organization would be more clearly understood if it were emphasized that they concern the division of duties in the line. Operating responsibilities may be arranged functionally or by purpose, by process or profession, by clientele or commodity, or geographi-

[2] Willoughby, W. F., *Principles of Public Administration*, p. 105, Washington: Brookings Institution, 1927.

cally. The line is simply the array of the various succeeding specializations necessary in accomplishing the task an agency exists to perform.

Meaning of Staff. Staff, on the other hand, is a more complicated conception. Many different definitions have been attempted.[3] The customary starting point is to say that the staff is merely an extension of the personality of the administrator. The job of management—that is, of the administrator—has been set forth in the specially contrived word POSDCORB.[4] These are the initial letters for planning, organizing, staffing, directing, coördinating, reporting, and budgeting. Here, it is said, are the essentials with which the administrator must work. The units which are set up to assist him in that work are staff agencies.

It is customary in all writing about staff to point out that the operator at or near the base of the organizational pyramid needs no or little staff assistance. The foreman is his own staff. The superintendent of a department in a plant may have only an assistant or two. The plant manager, on the other hand, may have a number of persons organized in various units to help him. Those familiar with tactical military organization know that as the progression climbs upward from platoon leader to company commander, to battalion commander, to regimental commander, and to division commander, the staff organization becomes larger and more fully developed. Thus in all administration it is apparent that the greater the organization and the more jobs it has to do, the more staff assistance the administrator must have.

Since staff agencies exist to help the administrator, it is frequently said that they perform their work in his name only and have no command authority of their own. All power to issue orders rests with the administrator. The staff simply prepares matters for his action; it does not issue commands of its own. This is supposed to be basic. It is also pointed out that the staff does not operate; it only plans, advises, suggests, and assists. Execution is left to others; that is, the line.

These qualifications of staff have their importance, but they are unduly simplified as just stated. Staff activity is not so easy to define or to limit. Staff agencies or units often do issue orders which the administrator never sees, even though they will reflect his interests. Sometimes relations between staff units at various levels of the organizational hierarchy are very close, and it would be presumptuous to say that the higher units in actuality are not "operating." Sometimes the mass of recurrent work done by staff units is hard to differentiate from "operations."

Moreover, there are at least three different types of staff work. Perhaps we ought to say that there are four, and call planning a separate category of staff activity. When there is a central planning agency in which is concen-

[3] See Urwick, Lyndall, "Organization as a Technical Problem," in Gulick and Urwick, *op. cit.* in note 1, p. 49 *ff.*

[4] See Gulick, *ibid.*, p. 12 *ff.*

trated most of the long-range and short-range preparation for action, then we may rightly refer to planning as a major—and separate—staff activity. The previous discussion of planning has emphasized the crucial importance of this phase of administration. Accordingly, planning should be understood as one part of the staff job.

Staff Activities Inherent in Administration. Apart from centralized planning, there remain three other kinds of work which often are called staff. Clear distinction between them will prevent much confusion. One kind is inherent in all administration. The most outstanding examples are budgeting and personnel activities. Every manager in public and private enterprise usually must prepare in some form an estimate of the financial cost of his work. This becomes a highly specialized job at the higher levels of administration. So also with personnel management. No work can be done without the people to perform it. Finding, obtaining, placing, and keeping the people needed on a job is a continuing concern. No staff work is more perennially a problem for the administrator than budgeting and personnel. This work weaves back and forth through all administration, at almost any level.

Other activities may be placed in the same category. Public reporting and public relations surely belong here, but they are less well recognized as such and much less formalized in procedure than budgeting and personnel. Nonetheless, external relations with the public are implicit in much, perhaps all administration. Sometimes the top administrator handles this business directly, while his subordinates play only supporting roles.

Central Service Activities. Another type of staff work is a central service job for the benefit of all parts of an organization, or those carried on in the same vicinity. Thus there may be a central reproducing plant for photostating or otherwise duplicating materials. There may be a central garage or warehouse. There may be centralized procurement of the supplies needed in running the agency, such as desks, paper, and typewriters. There may be mail and messenger services to provide. These are the so-called institutional activities of an administrative agency in the proper sense. The degree to which such work should be centralized is an important question of management which we need not debate here. The point is that extensive services are involved in running an organization; they may be centralized in order to make the fullest possible use of specialized facilities and personnel. When such services are centralized and performed under the supervision of the top administrator, the combined unit is often called a staff facility. It is sometimes also described as an "auxiliary" establishment.

Functional and Operating Staff. Finally, there are staff units created to guide or coordinate activities performed by operating units. This work depends entirely upon the tasks of an administrative agency and its primary basis of organization. Thus, in the Washington office of the Forest Service we encounter divisions of timber management, range management, wild

life management, and fire control.[5] The divisional designations refer to functional specialties in the Forest Service whose operating responsibility is organized geographically. Similar staff units are not likely to be found in many other agencies. In the Work Projects Administration, however, which was also organized geographically, there were functional specialists for educational projects, engineering projects, recreational projects, and other types of activity. In the Army Service Forces of the War Department, where procurement operations were divided basically by commodities, functional specialists dealt with purchasing policies, expediting of production and storage.

Such supervisory or coördinating staff activities in an agency are determined by the common threads which run through the operating units and by the decision to recognize some of these threads for uniform management. In the main, the specialists in particular elements of administration are likely to be the staff personnel with vital coördinating work to be done in major operating fields. They are concerned with the substantive work to be accomplished, and hence have assignments that vary with the agency. They are nonetheless staff, even when called the "functional" or "operating" staff in order to differentiate them from those who perform central services or budget and personnel work.

One other point needs to be made about staff activities. Some agencies permit cleavage or hostility to develop between staff and operating units. It must always be remembered that subordinate managers who direct the work are also advisers to the administrator. The latter does not look to his staff alone for counsel; he should and does look also to his subordinate managers or operators, since they too are expected to see the work not merely in its component parts but as a whole. Staff specialists and operators both make up an organization. They must work together.[6]

3. The Quest of Organizational Unity

Hierarchy and Span of Control. Sometimes administrative structure is described as pyramidal. This is merely another way of expressing the conception of hierarchy. As already indicated, organization begins with some broad purpose to be accomplished, and proceeds by dividing the job into various component parts. As each new subdivision is created, the number of parts multiplies. From one person at the top, the organizational structure breaks down into various superintendents, then to foremen or supervisors, and finally to workers—the base of the triangle. This has been called the "scalar" process or principle in organization.

[5] See Loveridge, Earl W. and Keplinger, Peter, "Washington-Field Relationships in the Forest Service," in *Washington-Field Relationships in the Federal Service*, p. 23 *ff.*, Washington: Graduate School of the United States Department of Agriculture, 1942.

[6] Staff officers need a clear understanding of the personal and psychological demands inherent in their role. For an excellent statement of how a staff officer should act, see Bellah, Lt. Col. James W., "Staff Officer," *Infantry Journal*, 1944, Vol. 55 (No. 2), p. 43 *ff.*

The Catholic Church has long afforded an excellent illustration of hierarchy. At the base of the structure is the parish priest. Above the priest is the bishop of the diocese; in turn a number of bishops are grouped under an archbishop; and finally over the archbishop is the Pope in Rome. The triangular infantry division used as the basic tactical organization by the United States in World War II is another example of hierarchy. Four companies made a battalion, three battalions a regiment, and three regiments a division.

Hierarchy means the grouping of units into a larger unit for direction and control of activities. It is the method whereby the efforts of many different individuals are geared together. Hierarchy is another indispensable feature of large-scale enterprise. Only through hierarchical relationships can unified direction be achieved from one central point, and broad purposes be translated into action. This should not suggest, of course, that hierarchy may be relied upon as a substitute for cooperation

The importance of hierarchy is underlined by another organizational concept—span of control Any one individual can effectively supervise only a limited number of persons. Certain administrators and students have made this limitation specific—no more than seven, nine, or twelve individuals should report to the same superior. Today it is generally agreed that the number of individuals a person can direct depends upon several factors, especially the routine nature of the work, the place where the job is done, and the energy of the supervisor. It is easier to supervise many individuals when each is doing the same work, when that work is of a repetitive nature, and when it is performed close together. A limited number of contacts for any one superior is nonetheless essential in order to ensure adequate supervision and coordinated action.

Decentralization. Closely allied to the concepts of hierarchy and span of control is the concept of decentralization. This is another word with at least two administrative meanings—quite aside from the political one in the sense of states' rights and institutions of local self-government.[7] In one administrative sense, decentralization—as deconcentration—is synonymous with delegation of authority It refers to the assignment of responsibilities in such a way that substantial areas of discretion are entrusted to subordinate officers, thus preventing dangerous bottlenecks and overwork for the administrator at the apex of the hierarchy. We often speak of highly cen-

[7] The word 'decentralization has been used by some to refer exclusively to the federal system, whereby governmental authority is divided between national and state executives and legislatures The grant in aid system—described in Key V O, *The Administration of Federal Grants to States*, Chicago Public Administration Service, 1937, and Clark, Jane P, *The Rise of a New Federalism*, New York Columbia University Press, 1938—is a means of promoting national programs through state administrative agencies Because of the use of the word 'decentralization to describe federal state relationships, some have suggested the word 'deconcentration" to describe interlevel or headquarters field relationships in a particular agency For a more detailed discussion see the symposium entitled *Washington-Field Relationships in the Federal Service* cited in note 5 This matter is taken up below in Ch 12 'Field Organization

tralized administration when we really mean that many actions require prior approval from the chief or one of his assistants. Conversely, we may think of a highly decentralized administration as one that is characterized by broad grants of power to individual component parts of the organization, with the retention of only certain essential controls in the head office.

Decentralization, however, has yet another meaning, perhaps growing out of the one just circumscribed. It may refer to field organization, to the number of units operating away from the central office. The problems of field organization are discussed later in this book, and it is necessary to note here only that decentralization has also a geographic aspect, involving the type of field structure and the authority granted to field units. Much emphasis has been given to decentralization—as deconcentration—in recent years, because it has been discovered that rapid action in any large effort depends in considerable measure upon the extensive delegation of authority to subordinate officers or field establishments.

Unity of Command. Still another concept often mentioned in discussions of organization is unity of command. This expression may refer to the desirability of having each subordinate in the chain of command report to a single individual. Or it may refer to an arrangement whereby all administrative authority flows from one responsible head, be he President of the United States, governor of a state, or president of a great corporation. And finally, the concept may refer to the question of the relative merits of a single-headed agency as compared with those of a board or commission.

Much importance is usually placed upon the construction of an administrative arrangement wherein each person has only one superior to whom he looks for direction. In such a setup an individual cannot receive conflicting instructions, or play one superior off against another and thus escape effective supervision. On the other hand, when the subordinate is subject to multiple sources of command, confusion may arise and responsibility for action may be difficult to fix. Administrative experience has shown this to be a cardinal factor in connection with general efficiency. Yet there are practical conditions which on occasion may dictate the creation or continuance of a situation where one has two superiors. The concept of unity of command therefore needs to be reconciled with a recognition that supervision of any activity may be dual—technical and also administrative.[8] The two types of supervision may be exercised by different individuals. The one type may be concerned with professional competence in the performance of a job, while the other is chiefly interested in the efficient utilization of the resources—men and materials—available for the job.

Administrative responsibility is of especial concern in a democracy. Our great governmental machinery must be kept responsive to changes in politi-

[8] See Macmahon, Arthur W., Millett, John D. and Ogden, G., *The Administration of Federal Work Relief*, ch. 11, Chicago: Public Administration Service, 1941.

cal opinion. When party control in the presidency changes, for example, we expect the new incumbent to be able to make his policies effective throughout the administrative agencies of government. Yet an unequivocal adoption of this policy has never occurred either in our national government or in most of our states and cities. Instead, we have used in many instances a different kind of arrangement, which has led to another concept—that of administrative autonomy.

Our great regulatory commissions, exercising so-called quasi-legislative and quasi-judicial authority, are often referred to as independent agencies. Their peculiar status is embodied in the law, and the Supreme Court has held that a member of such a commission may not be removed at will by the President.[9] Government corporations have also been viewed as independent, particularly when they were free to handle their funds under their own procedure and to appoint personnel regardless of civil service provisions. There is no "unity of command" over these agencies. Responsible direction is confused, to say the least

The practice of creating boards and commissions to exercise administrative authority is fairly extensive throughout federal, state, and local government. Many students will readily accept the famous dictum that boards are "long, narrow, and wooden" There is undoubtedly a place for boards in administration, as deliberative or consultative devices. However, it is quite widely recognized now that any activity requiring positive action and leadership can best be directed by a single individual Boards violate the concept of "unity of command." They make rapid action difficult. We may admit that unity of command is an organizational objective, but it can scarcely be called an adequate description of actual administrative practice in our government today.[10]

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[9] Humphrey's Executor v United States, 295 U S 602 (1935)

[10] On the whole problem of the organizational position of the regulatory commissions, see Cushman, Robert L., *The Independent Regulatory Commissions* esp chs 10-13, New York: Oxford University Press 1941 For a study of state regulatory agencies, see Fesler, James W., *The Independence of State Regulatory Agencies*, Chicago Public Administration Service, 1942, For fuller discussion see below Ch 10 Independent Regulatory Establishments '

There is extensive writing on the subject of government corporations. See particularly, Van Dorn, Harold A, *Government Owned Corporations*, New York Knopf, 1926, Dimock, Marshall E., *Government Owned Enterprises in the Panama Canal Zone*, Chicago University of Chicago Press, 1934 and *Developing American Waterways* Chicago University of Chicago Press, 1935, Timmerich Herbert 'Government Corporations and Independent Supervisory Agencies, in President's Committee on Administrative Management, *Report with Special Studies* p 299 *ff*, Washington Government Printing Office, 1937, Thurston, John, *Government Proprietary Corporations in the English Speaking Countries*, Cambridge Harvard University Press, 1937, McDiarmid, John *Government Corporations and Federal Funds*, Chicago University of Chicago Press, 1938, and Pritchett C Herman, "The Paradox of the Government Corporation," *Public Administration Review*, 1941, Vol 1, p 381 *ff*. For fuller discussion, see below Ch 11, "Government Corporations

The best statement on the use and limitations of boards is to be found in a small pamphlet by Urwick, L., *Committees in Organization*, London, 1935 (reprinted from the *British Management Review*)

Coördination. There are yet two other terms frequently encountered in discussions of organization. These are "coördination" and "integration." Often they appear coupled together as if complementary. Actually, the two words describe very different structural arrangements. Indeed, coördination does not refer to organization except indirectly. Rather it is a phase of management, a part of the job of supervision. Coördination is achieved when harmonious action prevails between the operating parts of an agency. The techniques of coördination run through the whole range of supervisory tools: careful planning of the job, clear definition of responsibility, establishment of reporting obligations, inspection of work, conferences of key personnel, proper and convenient channels of communication, higher approval of action proposed by subordinates. And the list could be extended.

Organizationally, the first problem of coördination is to ensure that there are adequate staff facilities to help exercise the necessary authority. Coördination must be achieved by providing the administrator with competent assistance. Wherever there are important subjects of common interest to different operating agencies or units; wherever their fields of activities tend to duplicate or overlap; wherever it is necessary to have common problems of operating units handled on a common basis—in all such situations a coördinating staff is needed.

On the other hand, staff coördination may develop difficulties. Staff works in the name of the administrator, but the operating official may still go to the boss and protest what may look to him like direct staff instructions. A large organization may have many staff facilities, thus increasing the number of subordinates reporting to the administrator. As operating agencies multiply and perform increased work, there is often a tendency to enlarge the staff of the administrator at the same time. The result may be confusion arising from a desire by the staff to assume more and more operating authority; another result may be congestion or overcrowding at the top.

Integration. Integration offers a possible solution for situations like these. Integration means the combination of operating units under an additional administrative official interposed between them and the top administrator. The interposed individual is not a staff officer but a line administrator. He commands the group of combined units, and thereby reduces the number of operating officials reporting to the top man.

An example of coördination proceeding toward integration is afforded by housing experience during World War II. Prior to the war, there were a Federal Housing Administration and a Federal Home Loan Bank Board in the Federal Loan Agency, and a United States Housing Authority in the Federal Works Agency. The need for handling the urban housing problem on a uniform basis during the defense period led the President to create, by Executive Order No. 8632 of January 11, 1941, a Division of Defense Housing Coördination in the Office for Emergency Management, part of

his Executive Office This was a move in the direction of coordinating housing programs by setting up a staff officer in the housing field, with the President as the direct head over the Federal Loan Agency and the Federal Works Agency. When, for various reasons, this effort did not succeed, the President, by Executive Order No. 9070 of February 24, 1942, established under his war powers the National Housing Agency. Into the new agency went as its three component parts a Federal Public Housing Authority (formerly the USHA), the Federal Housing Administration, and the Federal Home Loan Bank Board The President now had one man to look to in the housing field—the administrator of the National Housing Agency. Previously he had had to deal with three—his staff officer on housing and the heads of the Federal Works and Loan Agencies.[11]

Coordination can be achieved through staff planning and supervision. Integration is the means for reducing the structural diversity of too elaborate an organization, or for lightening the burden on a central staff. In effect, integration introduces a new level in the organizational hierarchy—a new level of coordinating authority. The added line administrator will be able directly to iron out difficulties between subordinate units. Fewer issues will then require coordination at the next higher level Integration is the organizational device which will cut down a top administrator's load. Coordination simply sees to it that he performs his role and carries his load.

4. Guiding Rules of Organizational Design

Need for Standards of Organization. There have been attempts from time to time to formulate guides or standards of organization While our discussion has briefly outlined the major problems in organization, it has provided no answers for those with organizing responsibility The need for some positive guidance to administrators in fixing organizational structure has often been felt This in turn has led various students to set up standards of what is assumed to be good organization.

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[11] There is a great deal of literature about general problems of organization The following are listed as a few of the major contributions to the subject Gulick and Urwick, *op cit* in note 1 Gaus John M and Others, *The Frontiers of Public Administration*, Chicago University of Chicago Press 1936 Willoughby, *op cit* in note 2 Smith Edgar W "Relation of Organization to Management, in the symposium entitled *Administrative Management*, p 53 *ff*, Washington United States Department of Agriculture Graduate School, 1938, and Senate Select Committee to Investigate the Executive Agencies of the Government, *Preliminary Report* 75th Cong, 1st Sess, Washington 1937 *Cf* also Hopf, Harry A, Administrative Co ordination ' in Morst in Marx Fritz ed, *Public Management in the New Democracy* p 83 *ff*, New York Harper, 1940, Urwick, L, *The Elements of Administration*, New York Harper, 1943, Dimock, Marshall E, *The Executive in Action* New York Harper, 1945, and Hopf, Harry A, "Soundings in the Literature of Management," *Advanced Management*, 1945, Vol 10, p 93 *ff*.

Among the many books about organization of private enterprise, see Mooney, James D and Reiley, Alan C, *The Principles of Organization* New York Harper, 1939, and Holden, Paul E, Fish, Lounsbury S and Smith, Hubert L, *Top Management Organization and Control*, Stanford Stanford University Press, 1941

Necessarily these standards have been general in terms; they have suggested pitfalls to avoid as much as positive action to take. Three of these efforts at stating enduring guideposts of organization are summarized in comparative tabular form below. The selection may be regarded as representative of all efforts to formulate organizational standards.

ENSURING SOUND ORGANIZATION

I*	II**	III***
1 Definite and clean-cut responsibilities should be assigned to each executive.	1. Definite responsibility and authority should be established for all positions.	1. Definite and clean-cut responsibilities should be assigned to each employee, particularly the key employees.
2. Responsibility should always be coupled with corresponding authority.	(a) Authority must be commensurate with responsibility.	2. Responsibility must be accompanied by reasonably complete authority.
3. No change should be made in the scope or responsibilities of a position without a definite understanding to that effect on the part of all concerned.	2. Organization of the department should be clearly defined. . . . Organization is an ever-changing vehicle of management and thus must be molded through the use of executive orders, bulletins, office *memoranda, and* . . . frequent staff and individual conferences.	
4. No executive or employee, occupying a single position in the organization, should be subject to definite orders from more than one source.	3. The leadership of the department as a whole and of each of its line subdivisions should be single and direct.	3. No employee, occupying a single position in an organization, should be subject to definite orders from more than one person.
5 Orders should never be given to subordinates over the head of a responsible executive. Rather than do this the officer in question should be supplanted.		

ENSURING SOUND ORGANIZATION—*Continued*

I*	II**	III***
6. Criticisms of subordinates should, whenever possible, be made privately, and in no case should a subordinate be criticized in the presence of executives or employees of equal or lower rank.		
7. No dispute or difference between executives or employees as to authority or responsibilities should be considered too trivial for prompt and careful adjudication.		
8. Promotions, wage changes, and disciplinary action should always be approved by the executive immediately superior to the one directly responsible.		
9. No executive or employee should ever be required, or expected, to be at the same time an assistant to, and critic of, another.		
10. Any executive whose work is subject to regular inspection should, whenever practicable, be given the assistance and facilities necessary to enable him to maintain an independent check of the quality of his work.	4. The director of the department and each division chief should be assisted in their administrative responsibilities by the management and staff activities under their authority.	4. Wherever possible, an independent check of an employee's work should be made and the results of the check should be made available to the employee in as helpful a manner as possible.
	5. No administrator of a department or division should have reporting to him more persons than he can adequately supervise.	5. Not more than three to six employees who are charged with important and varied responsibilities should be subject to the direct orders of the same man.

ENSURING SOUND ORGANIZATION—*Continued*

I*	II**	III***
		6. Veto power must be given only to persons who are charged with responsibility for the results of their vetoes.
	6. The main subdivisions of the department should be based upon an analysis of the activities carried on, with all activities which are alike in scope or technique, or which require a similar type of supervision, grouped together.	
	7. Positions should be determined insofar as possible irrespective of individuals, on the basis of the various classes of work to be performed.	
	8. Coördination of the work and personnel of the several major divisions of the department should be the primary concern of the department director.	

* "Ten Commandments of Good Organization," prepared by the American Management Association and quoted in *Public Administration Review*, 1943, Vol. 3, p. 80, note 1.

** From Stone, Donald C., *The Management of Municipal Public Works*, pp. 7-8, Chicago: Public Administration Service, 1939 (by permission of the publisher).

*** Principles developed by the Surplus Marketing Administration and reported by Allsetter, W. R., in *Public Administration Review*, 1943, Vol. 3, p. 80 *ff.* (by permission of the editor).

Summary. Our working concepts of organization are founded on general observations which have crystallized from experience. Four primary bases are in common use for dividing up operating responsibilities. It is of practical value to recognize the differences between line and staff, between

the operating work which accomplishes the end-purpose of administrative effort and the work that is done to keep the organization fit for effective action. The operating job is broken down into various levels of supervision. This is the foundation of hierarchy. Ideally, we want a single line of authority throughout the hierarchy; that is, we want unity of command. However, the concept of unity of command must allow for a distinction between technical supervision and administrative supervision since the one is concerned with specialized professional work and the other with general efficiency and performance. Coördination is necessary among operating units, but when the coördinating burden becomes large, a new level of supervision may be introduced through integration.

Generalizations about organization must be modified because of personality factors and because of peculiar circumstances of time and place. There are no final answers to all organizational problems, even though we do have signposts for our guidance in applying the working concepts of organization.

Management is common to all public enterprise, whether the ultimate product is flood control, military defense, or collection of taxes. That is why the general body of public administration as a field of knowledge deals with common problems. These make up the realm of interchangeable experience in public administration. At the same time, we should never forget that we are talking only about ways and means, about techniques and processes. It is the administrative end-product that is of first importance. Our deeper concern is with organizing to achieve that end-product for the benefit of the community, with the least depletion of available resources.

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CHAPTER

8

The Chief Executive

1. Dual Function: Policy and Administration

Means and Ends. At its highest reach, administrative management is so closely intertwined with leadership in policy development that in most governmental jurisdictions and in nearly all private organizations both functions are intentionally lodged in the same top man. This is the central fact setting off the position of the chief executive from those of all lesser administrative officers, whether they be called executives, administrators, managers, or by some other title. It is our purpose in the present chapter to describe and analyze this most important of all offices in public administration by focusing on five basic aspects: the duality of the executive's functions; leadership and authority; external relationships; the tools needed for effective control; and the arms of modern management.

The justification for studying administration apart from other phases of government rests, as we saw earlier, on the possibility and the utility of distinguishing between political ends and administrative means. Of course, acceptance of the validity of this distinction in no way denies the fact that there are higher and lower levels of administration and of policy. Nor does it place in doubt the necessity for differing degrees of initiative and discretion to be exercised throughout the entire range of political power and administrative authority.

Lesser ends are themselves means toward greater ends, and higher means are intermediate ends reached by lower means. The need for decision is everywhere the same, and, wherever a decision must be made, there in one sense both a question of policy and a question of administration have to be decided. If for intellectual convenience we abstract from the general context sometimes the one, sometimes the other, life remains none the less tangled and connected. Yet schemes and symbols of analysis have great value if their limitations are borne in mind

If the accent be on policy—that is, on ends—we may, for instance, observe that even where major policy decisions are made by individuals holding

political responsibility, minor policy decisions will still be left to administrative officers. Does this mean that the distinction between politics and administration is faulty? Not at all. It merely recognizes that below the plane of political policy-determination lie other planes—planes of administrative policy—on which also questions of alternative courses of action have to be decided. Conversely, if the accent be on means—that is, on alternatives of administration—we should acknowledge that above the issues of administrative machinery and procedure lie issues of political ways and means. Administrative preferences therefore may have to yield to necessities of politics. "Political politics" and "administrative administration" give only the broad outlines of the picture of government; the full portrait calls for the lights and shadings of administrative politics and political management.

In the whole realm of government perhaps no one appreciates the truth—or the importance—of this proposition so much as the chief executive. The President of the United States, the governors of New York, Pennsylvania, and California, and the mayors of New York City, Chicago, Philadelphia, Detroit, St. Louis, Los Angeles, and Boston, as responsible heads of the executive branch in our largest governmental jurisdictions, furnish outstanding illustrations of the range and complexity of the responsibilities inherent in this office. Yet abilities of the same kind if not of the same order are needed at the helm of every sizable administrative establishment whatever the governmental level—in the governorship of each state, in the mayoralty of every urban community, in the top office of scores of thousands of other units of local government, and also in the direction of all large administrative departments.

Separation of Political Leadership and Administration. Before proceeding into an analysis of the chief executive in his typical role, let us examine briefly several types of situations in which the responsibilities of policy development and administrative direction are assigned to different officials rather than concentrated in a single individual. Turning first to instances of such separation outside government, we may note the common practice among business corporations of vesting responsibility for corporate policy in a board of directors headed by a chairman and delegating corporate management to a president or general manager.

Election as chairman of the board expresses recognition of demonstrated initiative and intelligence in policy leadership. Elevation to this position signifies above everything else the primacy of company policy. While the president or general manager may also be a director, his first duty is the effective execution of whatever policies the board may adopt. Nor are business corporations the only organizations employing such a division of basic responsibilities. The way the presidents of many private colleges and universities, and other nongovernmental institutions and associations as well,

stand in relation to the chairmen of their boards of trustees or regents follows the same pattern.

There are fewer clear examples of such separation within government. Perhaps the most striking illustration is furnished by municipal organization under what ought to be called for the sake of completeness the mayor-council-manager plan. The theory behind this soundest of all forms of municipal government is perfectly plain. Policy leadership is the responsibility of the council, and particularly of its chairman, the mayor—whether he be chosen by the council or elected by the voters. The city manager's job is confined to advising with the mayor and council on matters requiring their decision, and administering the work program which they adopt.

Other examples may be found in the field of public education. Insofar as underlying theory is concerned—and the facts themselves are more or less in line with it—the relations between local boards of education and their superintendents of schools are like those prevailing under the council-manager plan. The same applies to the relations between state boards of education and the presidents, chancellors, and provosts of state colleges and universities.

One other situation remains to be mentioned in the same context. In the more recent past not a few governmental agencies—national, state, and local—have found it productive of good administration within their own organizations to distinguish consciously between policy concerns and management responsibilities. Commenting on the general necessity for "a common focus for management facilities either in an administratively minded department head or in a general administrator working in close association with the policy leadership of the agency," Donald C. Stone in 1943 offered this brief summary of specific though tentative develoments in the federal government:[1]

> A few years ago observers thought they saw in a few departments the beginnings of general managership positions which could meet this need, but the development has not continued. Recently there has been some experience with trying to solve the management problem by appointing career administrators to assistant secretaryships or undersecretaryships of departments, positions traditionally occupied by political appointees. There is not yet a consensus on the best solution.

Separation of responsibilities for policy initiative and general management presents obvious practical advantages on appropriate levels of action. There is something to be said for the view that further advancement in public administration depends in some measure on the possibility of a more extensive employment of the formula behind it. Yet in all the cases here

[1] See his report entitled "Federal Administrative Management, 1932-1942," *Transactions of the American Society of Mechanical Engineers*, 1943, Vol. 65, p. 242 *ff*. The question of providing for a general manager or business manager in the departmental framework has nothing to do, of course, with the distinction between staff and line. See above Ch. 7, "Working Concepts of Organization," sec. 2, "Line and Staff."

cited the distinction between political head and administrative manager is sharper in name than it is in fact. The separation of these roles is successful only where the relationships between the officials are characterized by mutual confidence—confidence sustained through frequent conference and counsel. The practical working arrangements between the two will vary somewhat from jurisdiction to jurisdiction Their net result in every case should be such a modification of the functional separation as to produce, in Bagehot's phrase, an 'intimate detachment" between the two officers —like that between the British minister and his permanent undersecretary

Combination of Political Leadership and Administration. Having acknowledged the fact of instances of bifurcation even in government, we may return to the general rule combination of policy initiative and top management in a single official known as the chief executive, who is subject to legislative control This is the principal clue to the nature of the office of President—and, on their own planes, the offices of governor and mayor Each serves simultaneously as political leader and administrative chief The powers and prerogatives of their offices may be inadequate to the double task; yet they are supposed to be effective in both capacities. As for the handicaps under which they may have to labor, they are expected to surmount them or contrive to reduce their ill effects

Every one of our presidents since John Adams has realized that no one could hope to be a successful leader of national policy if he did not first succeed in being the effective leader of his own political party. On the administrative side, nearly every president—at least since Theodore Roosevelt—has shown himself aware of the need for better managerial arrangements to facilitate executive leadership and has tried to obtain such arrangements.

In the states and cities, developments have been been roughly parallel. Governors and mayors have long recognized the indispensability of organized support among the voters in order to be influential in making or changing public policy Generally speaking, however, it has only been since the first practical tests in 1917 of state administrative reorganization that governors have begun to be comparably effective as administrative chiefs Even now, nearly half of the states are still substantially untouched by this movement[2] As for mayoral chief executives, in most cases they are unable to measure up to the expectations held for them as administrators until the municipality has revised its charter with the intent of adopting the so called strong mayor form of city government. Many American cities, particularly those with larger populations, have effected such revisions. However, there remain hundreds upon hundreds of communities

[2] Lipson, Leslie M, *The American State Governor From Figurehead to Leader*, Chicago University of Chicago Press, 1939, probably provides the best summary and analysis of the position of the governor as chief executive currently available

where the lot of the municipal executive as administrative head is not a happy one.[3]

2. Leadership and Authority

Cloak of Legal Power. Patently, the position of chief executive embodies tremendous responsibility and authority. However, no man who gains this high place is likely to achieve more than indifferent success unless he conceives his job first of all in terms of opportunity for lasting accomplishment. That is the mark of the great chief executive in democratic government: he looks upon his office as giving him for his term the noblest assignment within the power of the people—the privilege of making his leadership effective in action designed to promote the general welfare.

The greatest of American presidents and governors and mayors have never been content to do only what they had to do. Nor have they relied upon their legal authority alone to win their ends. Although not unwilling to use authority when obliged to do so, they have always had clear ideas about the uses to which the power of government should be put, and have preferred to gain their ends through leadership rather than through imposition of constitutional sanctions.

Every public office requires a legal definition of its competence. Such definitions have their merits. They are valuable for establishing fields of recognized jurisdiction among various officers. They are also indispensable in enabling the courts to decide cases involving on the one hand the duty or discretion of an administrative official and on the other the right of a private citizen. Yet it is clear that at the top of the administrative hierarchy such legal delineations, though not unnecessary, are in themselves insufficient to raise an official to the stature of a chief executive. Clothes do not make the man; neither do the vestments of power make a president. Legal authority a chief executive must have. However, unless it is in effect a confirmation of leadership accepted or emerging, the chances are that it will profit him very little.

Constitutions and charters invest a chief executive with the legal competence to recommend and veto legislation, appoint and dismiss subordinate officials, prepare and—upon legislative approval—execute budgets, represent the government at all manner of official functions, and direct the entire executive establishment. The placement of these several powers in his hands is obviously essential to the performance of his main duties, but it is far from being all that is essential. Legal powers are, so to speak, the executive's bones. Flesh and blood, mind and spirit, he must supply himself.

Personal Qualifications. One of the things of mind and spirit the execu-

[3] For sound treatments of the executive function in city government, see Story, Russell M., *The American Municipal Executive*, Urbana: University of Illinois, 1918, and Reed, Thomas H., *Municipal Management*, New York: McGraw-Hill, 1941.

tive must bring to his job is strength and balance of personality. Without the deeper authority latent in this resource the prospect of his developing vital relationships will be almost nil, in administration as well as in politics. For an administrative head, it is one thing to have the legal right to command; it is something quite different to have effective direction over an executive organization. The former is a matter of formal power. The latter is largely a matter of appeal and influence. It requires, first of all, evidence of interest, intelligence, and energy. Unless there be about the executive a single-mindedness which will enable him to generate and sustain a general concern for the fulfillment of the goals of his program, he cannot hope to assert the authority that signifies the true leader. If he does not care, no one will care; there will be no program. Let him beware at all times of being content merely to sit in the executive's chair; his job consists not of being but of doing. Only if he demonstrates by continuous interest that he has made the aims of the total enterprise his very own concern will he stand out as head of the organization.

Basic intelligence—as contrasted with great learning—is so indispensable that nothing more is needed here than the merest mention of it. No man willingly takes suggestions—much less orders—from someone who is plainly "hard of thinking," regardless of how eminent or exalted his position. The hardness may stem from deficiency of brain power or from set bias or from infirmity of age; it makes no difference. There is no substitute for the ability to think.

Energy is another prime necessity. He could never be more than a nominal executive who, though showing steady interest and intelligence, was devoid of physical and nervous vigor. It is not surprising that presidents, premiers, and other top executives find their tasks a heavy drain upon their energies. That is an inescapable aspect of their work. There is a point to the argument that a man's age and vigor have a direct bearing on his fitness for high executive office. Exceptions can be justified by exceptional facts, but, as a general rule, no one should be asked or expected to undertake arduous executive responsibilities in his declining years. Especially in the American presidency, the risks to the public welfare are too great in an era when government must play so positive a role in support of the social order.

These qualities are fundamental to strength of personality. But they must also be in balance. Unless the individual's traits are so combined that they will enable him to win and hold the devotion of other men, he has little chance of meeting the demands made on the executive office. Others must be able to feel that they know him and can trust him, because he is regarded as the captain of their team. President Franklin D. Roosevelt epitomized the right point of view at his first inaugural: "For the trust reposed in me I will return the courage and the devotion that befit the time. I can do no less. . . . The people of the United States . . .

have made me the present instrument of their wishes. In the spirit of the gift I take it."

Mark of Leadership. More specifically, an executive must have that quality about his whole personality which enables him, without sacrificing integrity of purpose, to lubricate human relationships. It is this influence that prompts men to prefer action based on their big agreements to endless argument over their little differences. It is this influence that induces them to retain their enthusiasm for a general program even after it has become clear that they are not going to be able to "have things exactly their own way." The chief executive can have high self-confidence, but only if his identification with the entire administrative undertaking is so complete that those around him will take his sureness as proof of a conviction that "Together we can and will do it!" Probably General Eisenhower rose to as nearly perfect an identity of individuality and program during the war in Europe as has been reached by any great executive in recent years. The seal of that perfection lay in his being even more ready to take the blame when things went wrong than to accept the glory when victory crowned the efforts of his soldiers and his staff. To be truly effective, says Urwick in his *Elements of Administration*,[4] "command must represent a common objective." Whether or not it achieves this depends primarily upon the spirit that emanates from the commander's personality.

Someone has defined leadership as the ability to make other men "feel two inches higher." The observation applies to administrative leadership as much as to any other kind. The greatest executives are always marked by a generosity of attitude toward those under them, by a willingness to overstate rather than understate their subordinates' accomplishments, particularly when it comes to the assessment of credits and honors. The toast which Joseph Stalin offered at the victory celebration in the Kremlin on June 25, 1945, for example, affords some insight into the executive qualities of this leader:[5]

> Do not expect me to say anything extraordinary. I have a most simple and ordinary toast to propose.
>
> I should like to drink the health of the people of whom few hold ranks and whose titles are not envied, people who are considered to be cogs in the wheels of the great State apparatus, but without whom all of us —marshals, front and army commanders—are, to put it crudely, not worth a tinker's damn. One of the cogs goes out of commission—and the whole thing is done for.
>
> I propose a toast for simple, ordinary, modest people, for those cogs who keep our great State machine going in all the branches of science, national economy and military affairs. There are very many of them. their name is legion—they are tens of millions of people.
>
> They are modest people. Nobody writes anything about them. They

[4] Urwick, Lyndall, *The Elements of Administration*, p. 80, New York: Harper, 1943.

[5] *Information Bulletin*, Embassy of the Union of Soviet Socialist Republics in Washington, July 12, 1945.

have no titles and few of them hold ranks. But they are the people who support us, as the base supports the summit.

I drink to the health of these people—our respected comrades.

One other basic element in administrative leadership remains to be mentioned. It is the most important of all. That is the talent for ideas, the ability to conceive solutions to current political, economic, and social problems which the public will approve, or, at the least, can be persuaded to accept. In the final analysis, a chief executive succeeds or fails in terms of the substantive policies he espouses—and if he espouses none he is not a chief executive. No matter what other qualifications a man may possess, if he lacks the capacity for initiating concrete proposals to meet the urgent issues of his day, he has no warrant for seeking or accepting executive office. Nor is he likely to gain such office if he has to win his way in an election against someone who does have positive ideas to offer.

Political and Administrative Talent. Anybody can rant about the need for efficiency and economy in government. Every normally articulate administrator inveighs against unnecessary overlapping and duplication. No ordinarily alert official has yet been found who has denied the need for coördination and coöperation among governmental agencies. But these are not policy issues. They are standards, and they are universally accepted. Up to now no Democrat has been caught alive who would admit that a Republican could be more firmly attached to such standards than he—or *vice versa.* And none ever will.

With respect to public policies, however, the situation is wholly different. Whether a chief executive is concerned about social issues and willing to take a stand on proposals for their solution is something the electorate can easily find out. It is impossible for him to get by with pretense or evasion, except temporarily. A man aspiring to elective executive office must be prepared to disparage the claims of the opposition candidate—and there may be times when this alone will "put him in." However, the fundamental thing the people want to know is not what the incumbent has done wrong but how the contender would do things differently.

In a purely administrative or managerial position, commitment to such goals as "economy and efficiency" is all that can be expected. Such rather mechanical or mathematical virtues plus platform technique do not suffice to make a president or a governor. Nor can a chief executive worthy of the name be produced by synthetic composition—so much political leadership and so much executive ability. The assumption may have done him an injustice, but Thomas Dewey was handicapped in the 1944 presidential race by the suspicion, widely entertained, that he was not a "natural." Few of his critics could deny that he appeared to have made a good record "as an administrator," yet they were able to persuade many voters that, even though he was efficient, at any rate he was "nothing more." Be this as it may, the fact remains: over and above administrative capacity a chief

executive must possess talent for political leadership. If he has the latter in abundance it may compensate for deficiencies in the former because soundness of policy generally eases administrative tasks. The rule does not apply with equal force in reverse, however, because there is no substitute for enlightened vision.

American Presidents. From Washington to Truman, the American presidency illustrates considerably varying types of executive leadership. Among the thirty-two men who have occupied the position, several stand out as administrative heads of extraordinary talent. Washington's signal success in launching the new government is traceable to his ability to take ideas from both Hamiltonian and Jeffersonian sources, weld them into a single program, and then enlist the aid of both factions in its execution. The inferior of both Hamilton and Jefferson in originating plans and proposals, he was their superior in devising combinations of policy on which it was possible to reach agreement for action. What made Washington's leadership acceptable and effective, however, was not simply his intelligence at finding high common denominators. There were also his known competence in management and his proven personal disinterestedness. The secret of his achievement as President did not lie, of course, in the legal authority with which he was endowed by virtue of Article II of the Constitution. It lay in the confidence the public had learned to put in him because of the character of his leadership—displayed first in the crisis of the Revolution and later in the Critical Period.

In analyzing the reasons for Jefferson's high stature as President, we are tempted to wonder what kind of record his rival Hamilton would have made had he been elected. The answer is suggested by saying that Hamilton could hardly have been elected: with all his brilliance he had too little gift for compromise. An executive he could have been—and indeed a very great executive he was—but not a chief executive, sensitive to working relationships. Jefferson did not begin to equal Hamilton in sheer administrative skill, but in the realm of political thinking he had a clear advantage over the scintillating New Yorker, especially when we consider the nascent democracy in which they were mutual contenders for popular support. The fact is that among all our chief executives probably none accomplished so much with such slight administrative wherewithal as Jefferson. His presidency proves as does no other the truth that insofar as the highest office in American government is concerned, political ingenuity carries greater weight than administrative talent.

President Jackson exhibited a type of executive personality profoundly different from that of any of his predecessors, and quite at variance, too, with that of any occupant of the White House since. Considering himself the spokesman of the hitherto more or less unenfranchised common man, and particularly of the rising West, he took office with the conviction that he had a mandate from the electorate to restore the government to the

people To him, this entailed beating back the growing concentration of financial power in private hands, and preserving and strengthening the Union against all hazards. In his view, a president would be guilty of dereliction of duty if he held himself under no higher obligation than to furnish Congress with information on the state of the Union and administer such laws as the legislature might adopt He saw with exceptional clarity that under the American Constitution effective government depends mainly upon the chief executive. If he failed to offer positive leadership, no one else could substitute for him.

Lincoln's genius, like Jefferson's, lay far more in the political than in the administrative realm Where other men, abler and more experienced in governmental management, lost their heads and embraced proposals which could not possibly have united the nation, he devised a policy at once moderate, positive, and capable of evoking enthusiastic popular support the limitation of slavery to those areas where it already existed and the preservation of the Union. His championship of these policies, attended as it was by unfailing steadiness, humility, and magnanimity, earned for him his preeminent rank among the men who have occupied the presidency.

Creative Policy Versus Sound Administration. Time lends a perspective to our comments on the administrations of Washington, Jefferson, Jackson, and Lincoln which we shall lack for years to come in the case of those who have lived in the White House more recently. It is impossible to appraise with equal accuracy the capacities and accomplishments of Cleveland, Theodore Roosevelt, Wilson, and Franklin D. Roosevelt. Yet there is one thing that can be said of these later presidents quite as safely as of the earlier ones They were distinguished far more for socially creative policy than for economically efficient administration [6]

Nor does the rule work only one way. The national chief executives who are least well remembered are precisely those who lacked the impulse or the capacity to be imaginative about their office. They tended to look upon their powers in narrowly legal terms or seemed unable to conceive of any higher public service than that of reducing the tax rate. Buchanan, Grant, McKinley, Harding, and Coolidge rank among the lesser lights of the White House for one and the same reason Since they pursued no dis-

[6] For broad verification of the theses presented in the text, see Corwin, Edward S, *The President Office and Powers* New York New York University Press, 1940, Laski Harold J, *The American Presidency*, New York Harper, 1940, Milton, George Fort, *The Use of Presidential Power*, Boston Little Brown & Co, 1941

The literature of business administration is voluminous For an analysis of the more important qualifications and functions of top corporation executives, see Cleeton, Glenn W and Mason, Charles W, *Executive Ability Its Discovery and Development*, Yellow Springs Antioch Press, 1934; Tead Ordway, *Human Nature and Management*, New York McGraw Hill, 1936, Barnard, Chester I, *The Functions of the Executive*, Cambridge Harvard University Press 1938, Mooney, James D and Reiley, Alan C, *The Principles of Organization* New York Harper, 1939

tinctive public policies, the nation has not been much interested in the economy or efficiency they achieved in their administrations

Business Leaders. What has been said about the test of success for the chief executives of our national government is also borne out in the records of American business leadership These leaders, too, must rely on their influence upon others rather than on formal authority if they are to rise to the heights. By the nature of things, to a greater degree than in government, the policies of commercial enterprise, in the sense of final or basic goals, are set forth in advance The objective of business executives is to make money through well planned and efficient production and sale of goods or services The more money they can make for their company, the greater their reward. The policy problem does not assume for them the proportions it necessarily does in the case of governmental chief executives. With this significant qualification, the conditions for executive success in both government and business are much the same.

John D Rockefeller, Andrew Carnegie, James J. Hill, Owen D. Young, Walter S Gifford, and Alfred P. Sloan became great business executives because they were first leaders of men. The secret of their authority among their associates and subordinates lay in the continuous demonstration of their superiority in intelligence, in imagination, in shrewdness, in daring, and in personal magnetism—the very qualities recognized by their collaborators as most essential at the highest rung of the executive ladder True enough, volume of stock ownership, family relationship, and personal friendship all have a bearing on the selection of top officials in business corporations However, at least among the larger firms, the basic criterion is usually capacity for leadership Responsibility is likely to come to those who are most ready and anxious to accept it

Governors and Mayors. It is to be expected that the relationship between authority and leadership in the case of state and municipal chief executives corresponds very closely with our findings about the presidency. The great governors have been the champions of the general welfare in response to the vital issues of their day, they have earned less acclaim as efficient administrators of established programs It does not alter the general fact to acknowledge that in some cases their most singular achievement has been to raise the whole tone and level of public administration for the promotion of particular policies This has often been the necessary prerequisite to an attack upon emerging problems of substantive policy.

LaFollette of Wisconsin, Smith, Roosevelt, and Lehman of New York, Olson and Stassen of Minnesota, Winant of New Hampshire, Murphy of Michigan, Saltonstall of Massachusetts, Arnall of Georgia, Warren of California—these may or may not be the greatest governors to have held office in our day But they are among the elect. And in every instance, their

reputation has turned on political leadership rather than on administrative attainment.[7]

Generally speaking, policy issues on the municipal level hold relatively less importance than on the state level—and considerably less than on the national plane. Despite this fact, the prestige of a municipal chief executive still depends mainly on the kind of program he sponsors and the dynamic qualities of his personality.[8] LaGuardia in New York City, Hoan in Milwaukee, Seasongood in Cincinnati, Maverick in San Antonio, Wyatt in Louisville, and Lausche in Cleveland—none of these distinguished mayors has contented himself with being merely a faithful steward of "things as he found them." On the contrary, all have carried forward new programs supplementing or supplanting the old—programs that held the promise of making for better community life rather than merely more efficient administration.[9]

3. External Relationships

The chief executive's relations with individuals and groups outside the executive branch are bound to absorb much of his time and energy regardless of whether the form of government be presidential or parliamentary. However, given the separation of powers and the traditions attendant upon it in the United States, such external relations can hardly fail to be of the keenest and most continuous concern to the head of the administrative machinery of government. Within the governmental framework itself his responsibilities are three. He must establish and maintain good relations with the legislature, with the judiciary, and—depending upon the circumstances—with other chief executives. It will be useful to look at each of these separately.

Relations with the Judiciary. Ordinarily, executive-judicial relationships are not especially problematical. Assuming that the measures a chief executive has in mind to propose for legislative action do not raise issues of constitutionality in terms of court precedents and general judicial disposition, he should have little difficulty in living in peace with the judiciary. Prudent use of his power of appointment will pay dividends, even though

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[7] See the pointed exchange of views "On Governors" between Leonard D. White and Frank Bane in *Public Administration Review*, 1944, Vol. 4, p. 68 *ff.*, 153 *ff.*

[8] There are those who argue that the policy element in city—and even in state—government is not large enough to sustain by itself partisan elections. Suffice it to observe that, even after allowing for some diminution on the local level as compared with the two higher levels, there is enough policy substance remaining to make the reputation of municipal chief executives turn chiefly upon what they stand for in politics.

[9] We can gain a good understanding of the qualities needed in the mayoralty from such volumes as these: Rankin, Rebecca, ed., *New York Advancing*, New York: Municipal Reference Library, 1945, Hoan, Daniel W., *City Government*, New York: Harcourt, Brace & Co., 1936; Merriam, Charles E., *Chicago: A More Intimate View of Urban Politics*, New York: Macmillan, 1929, Whitlock Brand, *Forty Years of It* New York: Appleton, rev. ed., 1925.

in the federal government opportunity for nominations is controlled by death, retirement, or resignation from the bench.

However, as the epic battle in 1937 between the Supreme Court and Franklin D. Roosevelt demonstrated, a "strong man" in the presidency is apt not only to bring forward new ideas and programs but also for this very reason to run up against the latent conservatism of the judiciary. In such a situation, matters do not simply resolve themselves through the President's appointive power, because vacancies on the bench may be slow to occur. There is, in fact, no readily available constitutional mechanism for attaining constructive adjustment under these conditions. The only remedy lies in the President's hold on popular support. Not even the Supreme Court can afford to stand between a resourceful national leader and the majority of the people

Relations with the Legislature. In his relations with the legislature, the chief executive faces a different situation. Both the legislative and executive branches have political functions to perform Unless they see generally eye to eye with each other on the need for public action, government may simply have to mark time. And not merely that. Through its power of sanction over policy proposals requiring statutory enactment, its control over the public purse, and its confirmation of major appointments by the upper chamber, the legislature can do much to facilitate or obstruct day-by-day administration What this adds up to is that presidents, governors, and mayors must get along with their legislative assemblies not just occasionally but continuously. This is true despite the fact that, by proclaiming the separation and independence of powers, the Constitution, together with the general tradition born of it, encourages each branch of government to be constantly sensitive about the recognition of its prerogatives and its coordinate position

The prospect of effective government under these circumstances depends upon several considerations, each of which the chief executive must exploit to full advantage. In the first place, he can capitalize on the fact that in the United States, notwithstanding the forces of pressure politics, there is a wide consensus on the principle of the priority of the public welfare over private interests Thus he is able to frame and present his proposals for national measures in terms of that consensus. Secondly, by virtue of his role as the leader of his party, he can appeal in the name of the party and its platform for support of his program from all members of the party in the legislative branch In the third place, he has opportunities to demonstrate the depth and sincerity of his desire for cooperation with the legislature by showing at all times a generous respect for its high place in the grand scheme of democracy, and by collaborating with its leaders to create channels and arrangements for full and frequent consultation on matters of mutual concern. Lastly, he can try, in a manner designed to avoid the appearance of organizing pressure, to use the public interest attaching to

his office for generating among the people a climate of opinion that will dispose both branches of government toward a common approach to the solution of the problems of the day We may think of "fireside chats" broadcast nationally, press conferences, and the like. We should think also of much hard bargaining behind the scenes.

Agency Contacts with Legislators. It may be noted in this connection that every major administrative agency has its own contacts with the legislature. These relations, typically with a legislative committee or individual members, inevitably have a bearing on the way in which the chief executive gets along with the legislative assembly as a whole Indeed, in the national government the impact of agency-congressional relationships upon the President's success in redeeming his campaign pledges and giving effect to his program is considerable Alert courtesies extended by administrative agencies to Senators and Representatives, including prompt supply of technical information and special attention to the needs of particular constituents, can do much to create a general good will on the part of the Congress toward "the Administration"

On the other hand, these relations may have another aspect, and one grimly detrimental from the President's standpoint. Agency officials have sometimes been known to form understandings with members of Congress that almost amount to defensive alliances against the fulfillment of certain portions of the chief executive's program. Obviously no president can be indifferent to the evils of such a situation Yet he may not be in a position to correct it with ease For if the uncooperative agency official has strong backing "on the Hill" or from organized groups having the ear of influential elements in the legislature, he becomes virtually untouchable The chief executive's only recourse is to try to outmaneuver or isolate the insubordinate subordinate To this extent, administrative hierarchy may break down. Nor is the legislative majority better able to check its own entrenched minorities in such dealings

Relations with Other Chief Executives When it comes to his relations with other men of his own official status, the chief executive will find them light or burdensome depending largely on the governmental level of his job In our time, the President has few responsibilities more engrossing than those involved in the conduct of foreign affairs Increasingly, foreign policy points toward his own working relations with the heads of other national governments, particularly those with basic international interests akin to ours Even when his foreign policy steers through clear waters, these relations are apt to absorb more of his time and thought than those with all the state governors and municipal executives put together. Nor are they likely to require less attention in the foreseeable future. In the aftermath of World War II we know that the victory we have won at such great cost can be made secure only through a cooperative peace. There is probably no standard by which presidents and contenders for the presidency

will be measured more sharply than that of their standing and their influence, actual or potential, in the international sphere.

Governors and mayors, in dealing with the chief executives of other governmental jurisdictions, rarely confront issues as important as those faced by the President. In the nature of our governmental tradition, there are not as many working contacts between governors and mayors as might benefit their public business. On the whole, a mayor's relations with other chief executives are likely to be confined to conferences on mutual problems with the mayors of neighboring cities, and to his participation with other mayors in the activities of his state's league of municipalities and either the American Municipal Association or—in the case of our metropolitan cities—the United States Conference of Mayors. As for the governor, he will have his main dealings with the governors of adjoining states and with the mayors of his state's largest cities. On other than matters of party politics his contacts with the mayors of other cities or with the governors of more distant states will be normally quite infrequent, except for those related to the Governors' Conference or the Council of State Governments.

Relations with Political Parties. We may turn now to the chief executive's external relations outside the structure of government proper. Here his problems fall again into several classes. In point of importance, party relationships probably rank first. For it is a plain fact that his strength within his party, and in turn the party's strength within the electorate, are at the very core of his effectiveness as chief executive. Both aspects he must cultivate steadily. It therefore behooves him to counsel frequently with the leaders of his party, to keep the party united and aggressive, and so to guide its fortunes that it may win and hold the favor of the voters.

He may count himself fortunate if without inordinate anguish of soul he can handle the distribution of public honors and political appointments in a way that serves his ends. The management of these matters makes up a large segment of what may be called party business. Despite the help furnished traditionally by the Postmaster General and the regular party machinery, "the Chief" must give his own time to many—sometimes trivial-seeming—items. He must also be available for advice on questions of party finance or even on the times and places of major party rallies and radio programs, to say nothing of party conventions and their agenda. Nor should we overlook the demands on him for securing as much coöperation as is attainable from the opposition party—or from disaffected elements within his own party.

Public Opinion and Interest Groups. Because of the cardinal role of free means of mass communication in democratic government, the President's relations with the press—as likewise those of a governor or a mayor—are of peculiar significance. Nothing is more essential to his success than that he keep in touch with the people. Newspapers, magazines, the radio, and the moving pictures are the main two-way facilities which make close

contact possible. An efficient and tactful press secretary will rank among his most indispensable personal aides.

Even with the ablest assistance, however, the President will be obliged to give personal attention to what publicity he wants and what political intelligence services he needs. It goes without saying that insofar as his direct use of the various media is concerned, he is wise to make the most of his particular gifts of expression and make the least of his shortcomings If the press and radio and Hollywood take a friendly line and he learns how to cooperate with them, they can do a great deal to build him up and keep him before the eye of the public For, regardless of what history may later say of him, here and now he will be what they say he is—unless the next election shows them to have been quite wrong.

Interest groups pose a tough problem for every politician who dedicates his efforts to the common good, whether he be in the executive or legislative branch The special interest tends to assume something no chief executive mindful of his trust would grant—that what is good for it will automatically be good for all the people It is clear, however, that he cannot ignore interest groups in the political arena In the first place, it is of the essence of democracy that men should be free to associate their efforts in promoting interests and enterprises in which they share Secondly, it is equally essential that government subject the struggle for power among interest groups to such regulation and control as is needed to safeguard the public welfare A potent factor in the situation is, of course, the powerful influence interest groups often exert over the way in which their members vote. Consequently each party is perpetually anxious to win as much of their support as possible, or at least to avoid drawing upon itself the antagonism of those groups which cannot be considered as potential supporters

Business, labor, agriculture, veterans, civic organizations, and professional patriots probably constitute the principal interest groups that presidents and governors confront Municipal chief executives see less of organized agriculture and more of neighborhood councils, social welfare organizations, and taxpayers associations Each of these groups makes up a part of the body politic which it is the chief executive's business to serve. The great public which he likes to regard as his principal too often turns out to be nothing more than a loose composite of little or lesser publics—somehow bound together by a not always very sharp sense of larger unity If he can consolidate the sense of community—a critical part of his job—the various groups may be induced to keep their selfish impulses under reasonable restraint and so be able to make positive contributions to the proper functioning of government If he fails in this greatest assignment as a result of personal weakness or of circumstances beyond the power even of a true leader, he will learn at first hand what havoc pressure politics may cause.

4. Internal Direction and Control

The preceding section, treating as it did of external relationships, dealt principally with the political aspects of the role of the chief executive. In this and the succeeding section, an effort will be made to describe the functions he performs and the facilities he uses within the executive branch itself, the presidency being taken as prototype.

Administrative Planning and Direction. As administrator-in-chief, the President's first task is to decide what kind of general framework of consensus he may assume or evolve between himself and the legislature, what are to be the main aims of his administration, and by what basic policies he will work for their attainment. Such anticipations are subject to change; yet he needs some point of departure. Next, he must arrange for plans to be developed analyzing specific problem areas and outlining alternative methods of solution. He must also give thought to an organizational structure fitting the logic of his aims, policies, and plans. All of this requires a reliable supporting cast.

One of the President's principal responsibilities is to select the men and women who as agency heads will fill the major executive positions within his organization. They in turn will have to be depended upon to nominate subordinate political officials. Selection and appointment of key officers are, however, still in the category of mere preliminaries. All of the subordinate heads have to be directed to their tasks; it falls to the chief executive to convey to them a clear conception of their missions in the government-wide context.

He must require annually of each agency a systematic work program supported by estimates of expenditures. In order to develop a balanced and administratively feasible program for the executive branch as a whole, he needs to integrate the agency programs into a single comprehensive plan. This is known as the annual budget. No recurrent document he submits to the legislature is of greater importance. Upon its presentation to Congress in justification of requests for funds it is scrutinized by the Appropriations Committee of each chamber. Its subsequent adoption by the legislature, usually with considerable modifications, translates the budget into the means whereby the President can assure himself systematically that the approved work plan of the government is being accomplished.

Executive Coördination and Administrative Reporting. Even with reasonably clear policies and plans, a satisfactory scheme of organization, able top personnel, foresighted direction in individual agencies, and careful programming and scheduling of administrative activities, there is no foolproof guarantee that everything and everybody will mesh nicely so that each agency can be left to run by itself. One of the President's most complicated functions is that of coördinating the efforts and operations of the entire executive branch. Of course, the budget itself is an instrument of

coordination. Through it the President may even attain a degree of concerted action on the part of the great regulatory boards and commissions that in all other respects, except for his power of appointment, are not under his command. Considering the national proclivity for agencies which are independent of the chief executive, and a tradition of rugged administrative individualism even within the executive branch proper, it should be easy to understand that coordination of governmental activities, week in and week out, is a heavy responsibility and a never ending one

Finally, the President must constantly keep his eyes on the total administrative picture. He must make himself a central point of reporting The budget provides the basis for a systematic gathering and analysis of information. However, the President needs additional channels of intelligence about the status of administrative progress. He must be able to find out what he should know in order to report effectively to Congress, the press, or the public. This calls for special arrangements to provide him with the kind and quantity of information he wants, when he wants it

Constitutional Supports. These being the President's main administrative functions, what specific powers and devices does he rely upon to execute them? His prerogative in the field of policy initiative derives from that clause in Article II of the Constitution which provides that he "shall from time to time give to the Congress information of the state of the Union, and recommend to their consideration such measures as he shall judge necessary and expedient" In proposing public policy, no chief executive would want to act on the spur of the moment. He naturally welcomes ideas and suggestions, formal and informal, from a wide variety of sources inside and outside government These, however, have to be sifted and evaluated; and a final selection has to be made Most of the sifting and appraising can be entrusted to his permanent staff establishments Often, however, even after they have done their best, he will still need help in "making up his mind" He may put the matter to the Cabinet or consult with individual members He may call in the leaders of Congress Or he may seek the confidential counsel of a Colonel House or a Harry Hopkins There is perhaps undue fluidity in this pattern, but without a more highly developed presidential secretariat we can hardly expect a material change

No provision in the Constitution specifically requires or authorizes the President in so many words to "plan" his general program. Yet his need and right to do so would appear to be implied in the constitutional provision that "he shall take care that the laws be faithfully executed," and in another clause appearing earlier in Article II that "he may require the opinion, in writing, of the principal officer in each of the executive departments, upon any subject relating to the duties of their respective offices" Even without these clauses, however, the necessity for him to anticipate the future would remain. He would have to prepare for it even though his

authority might be derived from "the law of the situation"[10] rather than the law of the Constitution

With respect to administrative organization, the President's powers are limited. Permanent administrative agencies no less than the so-called independent establishments are the creations of Congress. None of them can be broken up or recombined in different ways or merged with other agencies except by statute There is a strong case to be made for investing the President with permanent authority to adapt administrative structure to governmental needs, but so far no such continuing authority has ever been granted Temporary grants of specifically circumscribed power to work out structural adjustments have been made in the Reorganization Acts of 1939 and 1945 In times of war the President is likely to obtain special authority of this kind, such as the two War Powers Acts of World War II and the Overman Act of World War I—aside from his automatically operative war powers, which are of considerable scope.

The power of appointment and—by implication—of removal is one of the most telling the chief executive possesses. Article II of the Constitution provides that he

> . shall nominate, and by and with the advice and consent of the Senate, shall appoint ambassadors, other public ministers and consuls. judges of the Supreme Court, and all other officers of the United States, whose appointments are not herein otherwise provided for, and which shall be established by law but the Congress may by law vest the appointment of such inferior officers, as they think proper, in the President alone, in the courts of law, or in the heads of departments."

The removal power, held by the Supreme Court corollary to the appointing power,[11] continues to be extensive but was definitely qualified in the Humphrey case[12] Corwin summarizes the present situation in this way:[13]

> As to agents of his own powers, the President's removal power is illimitable, as to agents of Congress' constitutional powers, Congress may confine it to removal for cause, which implies the further right to require a hearing as a part of the procedure of removal.

In the exercise of his directive function over the various administrative agencies—but not the independent regulatory boards and commissions—the chief executive is supported by several provisions of the Constitution, chiefly by the very first sentence of Article II "The executive power shall be vested in a President of the United States of America." That broad grant would perhaps have sufficed of itself to empower the President to

[10] For the insight embodied in this phrase, students of administration are indebted to a brilliant—and practical—woman, Mary Parker Follett See her "Individualism in a Planned Society" in Metcalf, Henry C and Urwick, L., eds *Dynamic Administration*, New York Harper, 1942

[11] Myers v United States, 272 U S 52, 118 (1926)

[12] 295 U S 602 (1935)

[13] *Op cit* above in note 6, p 96

issue such orders as he might find necessary or expedient in directing the administrative operations of the executive branch. In addition, however, certain other provisions are relevant Among them are the express stipulation in Section 2 of the same article that he "shall be commander in chief of the Army and Navy of the United States, and of the militia of the several states, when called into the actual service of the United States," and the more general clause, already cited, that he "shall take care that the laws be faithfully executed"

However, uncontested authority to direct the executive branch proper does not ensure informed and competent direction The problem is how to make it effective One of the first needs is a system of administrative communication that will flash up to the chief executive the institutional intelligence he requires from all sectors of his entire organization, and simultaneously will guarantee that his orders and his general line of approach will get through without distortion or delay to those on the lower levels of command.

Statutory Implementation. Work programming and budgeting are basic to sound administration, but the President has had the machinery to perform these functions systematically only for a bare quarter-century. The Budget and Accounting Act of 1921 furnished him specialized staff assistance in a Bureau of the Budget operating primarily by reliance on his own directive power.[14] The administrative histories of the states suggest the same lesson: that until a government adopts the idea of the executive budget—and preferably with the item veto that is lacking in the federal government —it is futile to expect effective and economical administration. Of course, adoption of such a system will not automatically bring anything like the administrative millenium Without it, however, the gates to progress will open only halfway.

Like the directive power, of which it may be said to be a derivative, the power to coordinate is general in the character of its application. It rests fundamentally upon the same clauses in the Constitution listed as the sources of the directive power Beyond that it has been made explicit in the Budget and Accounting Act and other statutes in which Congress has reaffirmed the President's obligation to unify the operations of the various administrative agencies it has created One notable recent example is the Employment Act of 1946, under which the President is to avail himself of a new Council of Economic Advisers to convey to the legislature ways and means of attaining maximum employment throughout the nation by concerted governmental action

As a source of central information about the national administrative system, the chief executive is the logical agent reporting on progress of operations and policy problems to Congress or the public. The legislature

[14] See Morstein Marx, Fritz, 'The Bureau of the Budget Its Evolution and Present Role,' *American Political Science Review* 1945, Vol 39 p 653 *ff* 869 *ff*

usually requires such reports in statutory language written directly into acts enabling or directing him to launch new undertakings. A good example is the reporting on the progress of the lend lease program during World War II We may also think of the annual message on the State of the Union and the annual budget message. In 1946, both were combined for the first time in a single document because the two messages increasingly tended to deal with the same fundamental issues of healthy economic, social, and fiscal development of our national order. Most other messages address themselves to particular matters.

By far the larger body of data and proposals, however, emerges in administrative self-reporting within the executive branch. This is the method—and the only one—by which the President can hope to keep himself abreast of what is going on at the administrative front-lines and what is being done in his name by the army of federal employees deployed all over the country and our outposts abroad. Without staff work to harness this vast flow of information, it could easily turn into a destructive torrent. Facts, figures, and suggestions must be transformed continuously into information serviceable to the chief executive for control purposes

5 Arms of Modern Management

Need for Assistance to the President. "The President needs help." So wrote the President's Committee on Administrative Management headed by Louis Brownlow in its report submitted January 8, 1937. In assigning functions and responsibilities to the executive branch the Constitution and the statutes simply ordain that "the President" shall do thus and so. Obviously no man, whatever his genius, could personally perform the many and heavy tasks which the chief executive thus is obliged to take on It is to him in his institutional capacity—to his office—that the assignments are made; and, except where Congress has itself fixed the means, he is expected, within the bounds of statutory authority and funds appropriated, to recruit, organize, and direct whatever personnel may be required for the work to be accomplished

Here, with the sole exception of the chairmanship of the Council of Ministers of the Soviet Union, is clearly the biggest management job in the world How does the President handle it? What aides and facilities does he need to help him get his work done? True, the great line departments are the instruments through which ultimately the purposes of the federal government are carried into effect But what are the means by which the President makes sure that they know of his intentions and expectations and that he knows how well they are succeeding in their tasks?

It was the general conclusion of the President's Committee on Administrative Management that (1) the President needed, in addition to his personal secretaries, as many as six administrative assistants on his immediate

White House staff; (2) in the tasks of executive management he should have the assistance of three main "arms," one for planning, one for budgeting, and one for personnel; (3) with such internal arrangements as would meet the special problems presented by regulatory commissions and governmental corporations, all line agencies should be consolidated into twelve departments, each headed by a secretary of Cabinet rank; and (4) there should be a reordering of the functions of the General Accounting Office to ensure two things—that, on the one hand, auditing prior to spending should no longer keep the wheels of administration from moving; and that, on the other, the executive branch should be made more effectively accountable to Congress by more searching and more constructive post-auditing.

How fully House and Senate would have accepted these recommendations if President Roosevelt had not followed their submission with his provocative message on Supreme Court reform, no one can say. In any event, the Reorganization Act of 1939 incorporated only part of the proposed measures. Above all, the President was granted six administrative assistants, and a legal foundation was laid for the establishment of the Executive Office of the President—perhaps the most significant step forward since the Budget and Accounting Act of 1921. The Executive Office was made up of the National Resources Planning Board,[15] the Bureau of the Budget, the Liaison Office for Personnel Management, the Office of Government Reports, and the Office for Emergency Management.[16] This last division of the Executive Office subsequently allowed the President desirable leeway for locating in it—even if by legal fiction—many of the great wartime control agencies.

Notwithstanding the later abolition by act of Congress of the National Resources Planning Board and the administrative elimination of the Office of Government Reports, the Executive Office of the President has continued to serve essential purposes. Its principal remaining element, the Bureau of the Budget, has gone far to give the President highly diversified staff assistance. Under the Employment Act of 1946, its services have been amplified by a Council of Economic Advisers, placed by law in the Executive Office. Technically outside the Executive Office but in fact linked to it have been two other important presidential agencies: the Office of War Mobilization and Reconversion[17] and the Office of Economic Stabilization, both devoted more to policy development than to administration.

Realigning the Executive Branch. As to changes in the departmental structure, those authorized under the Reorganization Act of 1939 and subsequently adopted in the form of presidential "plans" were not insignificant.

[15] See above Ch. 6, "Planning and Administration," sec. 2, "The Machinery for Planning."

[16] See Brownlow, Louis and Others, "The Executive Office of the President: A Symposium," *Public Administration Review*, 1941, Vol. 1, p. 101 *ff.*

[17] See above Ch. 6, "Planning and Administration," sec. 2, "The Machinery for Planning."

Yet the executive branch emerged from World War II in need not only of reconversion to a peacetime basis but of further reorganization for the general purpose of increasing its effectiveness. Authorization to propose such modifications—not extending to certain exempted establishments—was conferred upon the President in the Reorganization Act of 1945.[18] Leaving aside the point that authority to reorganize administrative structure is in the nature of a continuing necessity and should therefore not be granted only for a limited time, how can the chief executive best use such power as is now vested in him? If he wants to make it serve general needs, he will try to accomplish five main goals.

First, he will weigh opportunities for regrouping and consolidation among and within line or operating agencies to effect better service, check duplication, and reduce the span of control for himself and the departmental leadership. Of course, this does not apply to those establishments which are set apart by reorganization statute. We may expect an integration of the War and Navy Departments into a single Department of Defense. In addition, the President may find it possible to consolidate various agencies with other main departments. It has even been argued that the number of departments can and should be reduced to seven. Experience suggests, however, that no change quite so drastic could win acceptance. Moreover, too heavy concentration along this line might in turn overtax departmental leadership.

Central Staff Facilities. Second, the President may want to reëxamine arrangements for the conduct of central staff and auxiliary services such as budgeting, recruitment and examination of personnel, in-service training, purchasing, accounting, printing, safety facilities, and the like. Here the aim would be to gain for the federal government whatever advantages can be derived from centralized staff and housekeeping activities, while yet leaving in each department adequate means as well as full authority and responsibility for getting its job done. This might also entail the removal or mitigation of the hazards and impediments to sound management within the executive branch which are latent in the opportunities the General Accounting Office has of intervening in an unproductive manner in administrative operations. There is every reason for insisting on a careful audit of all records after an individual administrative transaction has been completed. But there is no good reason for the kind of supervision by the Comptroller General as head of the General Accounting Office that has developed in federal administration. Ideally, as the President's Committee on Administrative Management proposed, Congress should not only retain an auditor general for the final examination and certification of accounts, but it should also demand of him a truly comprehensive annual

[18] Again, as under the Reorganization Act of 1939, the "hard core" of independent regulatory agencies such as the Interstate Commerce Commission and the Securities and Exchange Commission was exempted, including the civil functions of the Army Corps of Engineers.

report on the character of fiscal operations and the general performance of the executive branch.

Executive Office of the President. Third, the President must consider again the adequacy of his own staff establishments. The theoretical premises of the Executive Office of the President have proved sound; and the President needs all the help he can get from that office[19] Increasingly since 1939, the Bureau of the Budget has grown into that great arm of overhead management which is the intent of the Budget and Accounting Act. In Arthur Macmahon's descriptive phrase, the bureau has become the "embodiment of the presidency" in federal administration[20] Through its several divisions—Estimates, Fiscal, Legislative Reference, Administrative Management, Statistical Standards—the chief executive obtains continuing assistance in the preparation and execution of the annual budget; in the clearance and coordination of agency proposals for legislation or views on pending bills; in the achievement of better organization and management throughout the executive branch; in the coordination of federal statistical services; and in the analysis of government-wide or departmental programs, of issues or implications of fiscal policy, and of the progress of administrative operations.[21]

The situation is different with regard to forward-looking policy planning. Harried as the President tends to be by immediate concerns, he requires first-rate advice if he is to think wisely—or think at all—about the state of the Union a decade or generation hence instead of a year or two. There was provision for that kind of help as long as the National Resources Planning Board was still in existence. Since 1943, when Congress cut off its appropriations, it has been necessary for the President to rely on catch-as-catch-can planning services wherever he could get them, even if only in bits. Criticisms of the reconversion program have time and again shown up the unwisdom of abolishing the National Resources Planning Board. Sooner or later, its equivalent will have to be reestablished. Perhaps the new statutory Council of Economic Advisers, set up in the Executive Office of the President by the Employment Act of 1946, will eventually develop into such an equivalent.

The case for a director of personnel to give the President expert counsel and, as civil service administrator, to direct the operations of the present Civil Service Commission, is almost equally persuasive True, the present arrangement of a Liaison Office for Personnel Management within the Executive

[19] This does not mean, of course, that there should be maintained in the Office for Emergency Management skeleton agencies or technical staffs actually not needed As its name suggests but does not fully explain, this office serves its purpose in the main by providing an ever-ready legal and administrative framework within which temporary emergency agencies can be created when required, provided that funds are made available for such agencies by Congress

[20] Macmahon, Arthur W The Future Organizational Pattern of the Executive Branch, *American Political Science Review*, 1944, Vol 38, p 1182

[21] See Morstein Marx, *loc cit* above in note 14, p 869 *ff*

Office, clearing on matters of presidential interest with the Civil Service Commission, has not been unworkable. Yet it remains essentially a makeshift that should be superseded. The President is as much in need of having his own director of personnel as are other chief executives. Few problems lie closer to the heart of administration than that of staffing—of discovering, recruiting, placing, and developing competent employees so that they can produce at top capacity. Solution of this problem should grow out of conscious design and not have to depend upon favorable circumstances in the relations between the President and a so-called independent establishment, the Civil Service Commission.

Policy Coördination. The fourth goal of administrative reorganization relates to the equivalent of that office whose head used to be spoken of as "Assistant President," "Coördinator of Domestic Affairs," or "Secretary of Domestic Policy" more often than as Director of War Mobilization and Reconversion.[22] By statute, this office is both temporary and outside the Executive Office of the President. If the President needs a special staff officer to coördinate domestic policy, much as the Secretary of State oversees foreign affairs, he would be well advised to place such an aide and his staff in the Executive Office—as exponent of directive coördination, in comparison with the functions of managerial coördination that are being discharged by the budget director.[23] If this were done, it would be possible at the same time to carry further the institutionalization of the Executive Office. It still needs better inner balance of policy development and administrative concerns; better integration of its working processes, including the White House staff in the technical sense; and better facilities for checking back and forth on all matters that come to the President's desk.

Potentialities of the Cabinet. The fifth and final goal for which the President should strive as part of any reorganization is to make greater use of his underdeveloped Cabinet. Ample delegation of authority and responsibility by the President to the heads of his line establishments and consolidation of his own staff contribute greatly to success in administration. However, the problems and concerns of the departmental system ramify so widely and intertwine so perplexingly that the chief executive must seek to arrange for the main agencies to share them with him through discussion and decision in the Cabinet. As a collegial body, the Cabinet could serve as a forum for debating general policy recommendations, and aid the President in formulating such proposals in true teamwork.[24] Cabinet committees, with the participation of specialized top personnel, could set themselves the task of finding a common approach to major policy issues and of devising a pattern of combined operations for giving effect to considered solutions.

[22] See above Ch. 6, "Planning and Administration," sec. 2, "The Machinery for Planning."

[23] See Morstein Marx, *loc. cit.* above in note 14, p. 898.

[24] *Cf.* Macmahon, *loc. cit.* above in note 20, p. 1187.

Cabinet meetings might well include the key men of the President's Executive Office. This is but hopeful speculation, for it is one of the distinctive facts about our federal government that the Cabinet lives in a kind of dormant state as a device for making policy. However, one thing is certain. That President who first exploits the collective potentialities of the Cabinet as a regular and systematic practice will make a signal contribution to American public administration.

CHAPTER

9

The Departmental System

1. General Features

Purpose of Departmentalization. We speak of departments when dealing with parts of a whole. The whole may be a unified territory; thus, the French *départements* are areas into which the country is divided for governmental purposes. Or the whole may be the total structure of political organization; thus, we often refer to the three main powers of government, set apart from one another under our Constitution, as the legislative, executive, and judicial departments. Or the whole may be the machinery of administration combined in the executive branch; thus, we have long recognized the need for some division of labor in the administrative system by grouping more or less related functions under formally designated departments. It is with departmentalization in this last sense that we shall here be concerned.

Departmentalization, being in essence a division of labor, is intended to make more effective rather than split up the whole within which it is applied. When organizations grow to the point where direction and control can no longer be exercised in face-to-face contact between the leader and the rank and file, intermediate stages of leadership must be supplied. Such arrangements—though marking out the component parts within the whole—make it possible to keep the organization in formation and to attain efficient use of specialized skills. In determining the scope of responsibility on each of these intermediate stages or at each point of subdivision, consideration must be given to two elementary propositions. First, it is essential to achieve the greatest measure of operational unity within every subdivision. Second, it is necessary to establish sound working relationships among all subdivisions.

This is in the main a matter of economy of control. Subleadership is hopelessly overburdened when compelled to pull together scattered fragments of different activities. It is also easy to see that the demands on subleadership are not always of the same character. In large-scale organizations, public and private, the higher intermediate stages usually require special

capacity for ranging over broader fields and for marshaling sizable forces in close relationship to the aims of the organization as a whole. On the other hand, subleadership on the lower intermediate stages down to the first-line supervisor increasingly calls for technical competence with respect to specific operations. Even the first-line supervisor, however, is in a very practical sense an agent of the leader of the entire organization, assisting him in attaining the ends of the organization at large.

The way in which the whole is reenforced through identification of its parts and their interrelations provides the general framework of administrative organization. Hierarchy, lines of command, levels of responsibility and channels of administrative communication find their proper place within this framework. Departmentalization represents the highest intermediate stage of leadership in relation to the chief executive, but it is only one stage. Layer after layer, division of labor and delegation of authority progress downward throughout the departmental system. Nevertheless, the first order of division, on the departmental plane, is of decisive importance in giving shape to the bulk of the lower structure. That is why departmentalization, however academic much of the discussion about it may be, is anything but an academic matter.

Structure of the Departmental System. In one form or another, and under varying labels, departmentalization occurs in all organized enterprise except the smallest kind. The Phillips Petroleum Company, for instance, maintains no less than twenty-one departments, such as production, refining, traffic, and sales on the one hand; and engineering, research, economics, and public relations on the other. The Rochester Gas and Electric Corporation, another illustration chosen at random, operates through about eighteen departments, some of which are in the nature of subdivisions of the main departments.[1] To mention a few examples in the field of government, Tennessee, under the reorganization acts of 1923 and 1937, placed the following departments under its governor: administration, finance and taxation, highways and public works, conservation, agriculture, insurance and banking, labor, education, public health, and institutions and public welfare.[2] The mayor of Boston exercises authority, wholly or in part, over a much larger number of departments, including fire, health, hospital, public welfare, institutions, building, city planning, street laying-out, public buildings, school buildings, public works, transit, park, market, weights and measures, and library and art.[3] The village manager of Winnetka, Illinois, has only five full-fledged departments to be concerned with—police, fire, health, pub

[1] See Metropolitan Life Insurance Company, Policyholders Service Bureau, *Business Organization*, supplemental exhibits A and C, New York, 1944. This is one of a series of helpful reports on business management.

[2] See Buck, A. E., *The Reorganization of State Governments in the United States*, p. 229, New York, Columbia University Press, 1938.

[3] See Boston Municipal Research Bureau, *Report*, p. 4, Boston, Oct. 1937.

lic works, and water and electric.[4] The number of federal executive departments has been kept to ten; listed on the basis of seniority, they are: State, War, Treasury (the original trio since 1789), Navy (1798), Interior (1849), Agriculture (1862) Justice (1870), Post Office (1872), Commerce (1903), and Labor (1913).[5]

Considering the actual scope of federal activities, it may at first glance look like a marvelous accomplishment that the chief executive of the nation can direct these activities through so few departments—less than a third of the number of departments that cluster about the Prime Minister in England. But the first glance is sadly deceptive. Historically, we started out well enough. The Founding Fathers, with a remarkably acute sense of administration, took great care in drawing the outlines of a unified executive branch. However, significant departures occurred with the creation of establishments independent of the President save for his appointing power.

The principal landmarks in this new development were the Civil Service Commission (1883) and the Interstate Commerce Commission (1887), both regulatory bodies—the former vested with virtual autonomy in recruitment for federal service and the latter well-nigh uncontrolled in its control over the national transportation system. Through the years, a baker's dozen of similar agencies came forth on the precedent of these two. Add to this the proliferation of governmental corporations and separate authorities, and we have a picture of the diversity and diffusion which confronts the chief executive. How can he perform his constitutional duties as head of the administrative organization, asked the President's Committee on Administrative Management in 1937, when he must deal directly with one hundred federal agencies of one kind or another?[6] The Reorganization Act of 1939 authorized some integration subject to statutory limitations, but fell short of achieving anything like a final solution. How far the Reorganization Act of 1945 will carry us in this respect, remains to be seen.

Much the same situation prevails in state and local governments. Independent boards and commissions, together with other unattached authorities of comparable status, in many jurisdictions compete with the departmental machinery controlled by the governor or mayor. The chairman of a municipal police commission, for example, may exercise greater power than the nominal principal executive of the city. Moreover, most state and local governments are still paying heavy tribute to the long ballot of old, which

[4] See Village of Winnetka Ill., *Annual Report for the Fiscal Year ending March 31, 1943* p 2

[5] General reference may be made in this context to the *United States Government Manual*, the official handbook of the federal government, which appears in up-to date editions at short intervals and which may be obtained from the Superintendent of Documents, Government Printing Office Washington, D C

[6] See President's Committee on Administrative Management, *Report with Special Studies* Washington: Government Printing Office, 1937 The findings and recommendations of this committee have exerted considerable influence on subsequent developments and still represent an important source of pertinent information.

was based on the philosophy that most, if not all, offices should be filled by election. Elective officials such as recorder, treasurer, and comptroller, holding office by statutory or even constitutional provision, may be thorns in the flesh of the state or local chief executive. Since the beginning of this century, measurable progress has been made toward raising governors and mayors to true responsibility for the executive branch, and the continuous spread of the council-manager plan of municipal government has worked in the same direction. However, an integrated system of administration is even now the exception rather than the rule, despite many notable instances of state and local reorganization.

Factors in Departmentalization. Lest our failure to evolve a fully satisfactory executive structure be seized upon as evidence of governmental floundering, it must be stressed that departmentalization is fraught with complexities.[7] These are in part technical, in part political. From a technical point of view, it is difficult to determine with assurance the proper basis of departmental organization. Should it be identity of major purpose to be served or function to be exercised, such as national defense, social welfare, and urban development? Or should it be the nature of the process or the primary skill involved in it, such as engineering, licensing, and mimeographing? Or should it be the group of people to be serviced, such as farmers, veterans, and small businessmen? Or, finally, should it be the territory or area on which activities should be focused, such as New England, the Missouri valley, and downstate Illinois? Speculating on the feasibility of each such basis, we are bound to discover soon that its strict and exclusive application leads simultaneously to two undesirable consequences. First, activities that belong together as components of a concrete administrative end-product are torn apart at various points and in varying ways. Second, if reasonable concessions are made to a combination of activities in what might be termed an organic manner and with an eye to the end-product, activities of the same kind appear in conjunction with others at many different places in the executive branch.

Classification of conceivable bases of departmental organization, being "one of convenience alone,"[8] is therefore merely a useful starting point for trying to piece together the jigsaw puzzle. How to manipulate the classification for practical ends is quite another matter. Admitting its inability to lay down a few simple rules of the game, the Brookings Institution,

[7] See Gulick, Luther, "Notes on the Theory of Organization," in Gulick, Luther and Urwick, L., eds., *Papers on the Science of Administration*, p. 3 *ff.*, New York: Institute of Public Administration, 1937; Brookings Institution, Report to the Byrd Committee on *Organization of the Executive Branch of the National Government*, Senate Report No. 1275, 75th Cong., 1st Sess., Washington: Government Printing Office, 1937; Wallace, Schuyler C., *Federal Departmentalization: A Critique of Theories of Organization*, New York: Columbia University Press, 1941. See also above Ch. 7, "Working Concepts of Organization."

[8] Benson, George C. S., "Internal Administrative Organization," *Public Administration Review*, 1941, Vol. I, p. 473.

advising a congressional committee several years ago, suggested a cautiously eclectic approach:[9]

> No single factor can be decisive throughout the entire organization. One factor may help us to decide at one point; elsewhere, another factor may be more helpful. At every point one determinant must be balanced against another. For some functions and some agencies there may be no one best course of action. A choice may be presented between alternatives, one as desirable as the other.

This does not sound very encouraging, but it contains more than a grain of truth. Study of departmentalization, like all administrative analysis, requires careful penetration into the total situation in which the problem to be solved is lodged. Technical knowledge, even when tested in the hard school of practical experience, is of little avail unless its application is preceded by painstaking and skillful diagnosis, not only of the ill to be remedied, but also of all the factors that bear upon both the ill and the possible remedies.

Aside from its technical compexities, departmentalization is also beset with political issues. No sooner has a department been established than it will become enamoured with itself. However extraordinary the conglomeration of activities packed into it by way of compromise, it will presently associate itself with each of them in unfaltering fondness. Talk about shifting any of these activities to some other department—as subsequent events may indicate to be the better logic—and argument breaks loose. Then also, departmental officialdom naturally inclines toward taking an expansive view of the department's mandate. As the department grows bigger and better (which to its leadership may be one and the same thing), it inevitably begins to impinge upon related activities carried on by other departments. Again, there will be a lot of fussing and fuming when lines of demarcation must be redrawn. Each time the department will muster persuasive reasons for keeping what it has "always" had, or what "belongs to it"—at least by implication; and its arguments are likely to evoke a vigorous echo among the loyal clientele of special interests and pressure groups that have lined up within its ramparts. Usually the noise alone is enough to intimidate reform.

Moreover, executive reorganization is a somewhat obscure art and more than a little suspect among the entrenched interests inside and outside the departmental system. Suspicion begets hostility and resistance. Institutional resistance may be deliberate, but it may arise also from the inertia of settled form. The cumulative effect has been one of inordinate immobility. Looking at the departmental structure, we may be reminded of "monsters with great defensive power developed at the expense of movement and intellect," as Pendleton Herring has so aptly put it.[10]

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[9] *Op. cit.* in note 7, p. 43.

[10] "Executive-Legislative Responsibilities," *American Political Science Review*, 1944, Vol. 38, p. 1161.

In the face of such "monsters," the feeble voice of organizational commonsense is none too effective. Exceptional circumstances must come to the fore in order to provide the psychological moment for thoroughgoing realignment. Circumstances of this kind are relatively rare. But they are frequent enough to warrant continuous structural planning by a central staff agency such as the Bureau of the Budget in the Executive Office of the President. Continuous planning is necessary because changing national needs and emerging reorientation of policy usually affect the departmental system to a greater or lesser extent. Here, as elsewhere, preparedness pays. When the day for constructive action arrives, the whole opportunity may hinge on the immediate availability of fully considered proposals for reorganization.

Undirected Growth. The technical and political difficulties which surround departmentalization account in large measure for the fact that the structure of the executive branch has been traditionally the product of "undirected growth," in Leonard D. White's descriptive phrase. To put it differently, rarely if ever have we tried to project existing and emerging governmental activities in terms of a comprehensive organizational plan. On the other hand, judging by our experience with state and local reorganization, we must admit that a neatly conceived general formula yields only limited results unless its application is accompanied by a change of institutional atmosphere. This would have to include a corresponding strengthening of enlightened management, a better personnel system, and greater legislative self-restraint in tampering with the departmental scheme on partisan impulse. Reorganization has been abused as a political football more often than we might think. Nor has the game lost its attraction to those who know how to play. A notable recent instance occurred in 1945 when the Senate was asked to confirm former Vice President Henry A. Wallace as Secretary of Commerce. He had proved himself earlier an able Secretary of Agriculture. Yet confirmation was attainable only after responsibility for extensive governmental credit activities had been severed from the Department of Commerce and made the concern of a separate agency.

The alliance between institutional inertia, vested interests, and political partisanship throws an enormous weight of support behind the departmental *status quo*. Stability of organization is in itself an asset, because for greatest efficiency everyone must know his way within the organization as a matter of habit. Indeed, habit born of repetition or indoctrination minimizes the effects even of grossly deformed organization. However, stability becomes a vice when it is maintained at the price of structural simplicity and balance. It shows itself as a particularly serious vice when we consider the usual time lag between established governmental form and the evermoving substance of social and economic life. On practical grounds, therefore, we should strive for a permanent legislative-executive arrangement under which appropriate organizational adjustments and modifications in the executive branch

can be made in harmony with changing needs. The legislature would provide the frame of reference, and the chief executive would take action within the scope of his authorization. This is what Herbert Hoover, then Secretary of Commerce, proposed in 1924 before the Joint Congressional Committee on the Reorganization of the Administrative Branch. The Reorganization Act of 1939—though conceding only temporary authority—followed the line of Hoover's reasoning. It called for reorganization plans formulated by the President to be submitted to Congress, which reserved to itself the right of disapproval.[11] Under the Reorganization Act of 1945, the same general prescription has been used for the postwar period, because the two War Powers Acts of World War II—temporary grants of merely temporary effect modeled on the Overman Act of World War I—were designed specifically for only war-emergency duration.[12]

Because departmentalization aims to increase the effectiveness of the whole rather than partition it, the number of main divisions is important from the angle of direction by the chief executive. His physical span of control is naturally limited. Reasonably exact measurement would differ *with different personalities. But for each personality the limit is easily* reached, especially if we keep in mind that a smaller number of departments in turn may involve too wide a span of control for the department heads, thus shifting the problem to the next lower level. Inflexible restriction of the number of departments is therefore no adequate answer, whether such restriction be imposed constitutionally, as it has been in several states, or by statute, as it was in the Reorganization Act of 1939, here primarily as a check on the President's range of structural choice.

Quasi-Departments. Although no new "departments" were to be created under the Reorganization Act of 1939, three quasi-departments came into being: the Federal Security Agency, the Federal Works Agency, and the Federal Loan Agency. Each absorbed into itself a multitude of administrative establishments, many of which had formerly not known a common denominator. We may doubt very much whether the grouping of quite diversified lending activities under a quasi-department—and hence without close relationship to broader substantive programs—was a sound move. The fact remains, however, that the three new agencies brought measurable relief to the overburdened chief executive. As for internal integration within each new agency, it is hardly surprising that initially there was more similarity to a holding company than to a department.

[11] For greater detail see Millett, John D and Rogers, Lindsay, "The Legislative Veto and the Reorganization Act of 1939," *Public Administration Review*, 1941, Vol. 1, p 176 *ff.* A brief history of federal reorganization efforts may be found in Menam, Lewis and Schmeckebier, Laurence F, *Reorganization of the National Government*, p. 181 *ff.*, Washington: Brookings Institution, 1939

[12] For an illuminating and authoritative preview, see Brownlow, Louis, "Reconversion of the Federal Administrative Machinery from War to Peace," *Public Administration Review*, 1944, Vol 4, p 309 *ff* The author served as the chairman of the President's Committee on Administrative Management, see above note 6

The common denominator does not spring from mere pronouncement It must be fostered systematically over a longer period before it translates itself into a point of view commonly shared throughout the agency In general, formation of quasi departments is an ingenious device for providing the executive branch with an experimental fringe Activity groupings may thus be tried out in practice, and legislative assent to full departmental status may be bought by demonstration of performance This applies also to such essentially permanent establishments as the National Housing Agency, a merger of several no longer novel federal programs which might have come about under the Reorganization Act of 1939 but actually took place under the First War Powers Act of 1941 and thus required further legislation for its continued effectiveness.

2 Interdepartmental Coordination

Before the consolidations made possible by the Reorganization Act of 1939 had reached the point of full returns, the gradual transformation from peace to war expressed itself in the creation of many new agencies Coordination became a burning issue. The way this issue was met is likely to have wider significance. In the first place a considerable degree of coordination was achieved through the Executive Office of the President, doubtless the outstanding product brought forth under the Reorganization Act of 1939.[13] One of its divisions, the Office for Emergency Management, furnished the nominal link between the chief executive and most—though not all—of the new machinery In the initial period, it also exerted some real coordinative and prompting influence More important in the whole development was the role of another division of the Executive Office, the Bureau of the Budget. The latter, established in 1921 as the President's first staff agency, came to reflect him in administration, in Arthur Macmahon's appraisal[14] Secondly, as the pressures and frictions within the quickly expanding executive branch increased and as action programs acquired red hot priority, officials in charge of such programs were authorized to assume directive powers in broad fields, binding upon all operating agencies active in these fields This was true of the heads of the War Production Board and the War Manpower Commission Later, successively wider coordinative mandates were entrusted to the director of the Office of Economic Stabilization (1942) and the director of the Office of War Mobilization (1943), afterwards the statutory Office of War Mobilization and Reconversion

[13] A highly informative symposium on the Executive Office of the President in its original form by Louis Brownlow and Others was published in *Public Administration Review*, 1941 Vol 1, p 101 *ff* The reader should bear in mind that subsequently two divisions of the Executive Office disappeared The Office of Government Reports was disbanded as such, and the National Resources Planning Board died of legislative antagonism

[14] "The Future Organizational Pattern of the Executive Branch, *American Political Science Review*, 1944, Vol 38, p 1182 A helpful review of war developments is offered by Gulick, Luther, 'War Organization of the Federal Government," *ibid* p 1166 *ff*

Staff Establishments. To place reliance for interdepartmental coördination on officers or offices that serve the chief executive in a staff capacity and exercise authority essentially in his name and by his direction is not a novel tendency. Provision for such assistance has been a typical concern of state and local reorganization for several decades. It was expressed most frequently in the centralization of expenditure control under a budget agency attached to the office of the governor, mayor, or city manager. A milestone was set in 1917 when Illinois introduced such a budget system into its state administration. Municipalities followed the same path. The Budget and Accounting Act of 1921 carried the much-publicized prescription into the federal government. By equipping the President with a special agency, the Bureau of the Budget, to aid him in shaping up, year after year, the annual work plan of the government for consideration and adoption by Congress, this act reversed the former trend toward departmental self-determination and independence. In constructing the general program of agency estimates of appropriations, the Bureau of the Budget could correlate the activities undertaken throughout the executive branch, and thus give a substantial impetus to interdepartmental coördination as well as to the improvement of administrative management.

With the establishment in 1939 of the President's Executive Office, the Bureau of the Budget, as an integral part of the new nucleus, underwent a conspicuous expansion in order to become one of the "principal management arms of the Government."[15] Through its growing professional staff, it was able to furnish practical help at numerous points in the conversion of the administrative system from peacetime needs to wartime demands, and in spreading knowledge of tested methods and practices. The broad range of this kind of combined consulting and installation service supplied the bureau with unusual opportunities for spotting undetected weaknesses of organization and management in the unfolding war administration. Depending on the character of the problems and obstacles which it encountered in its remedial efforts, the bureau on many occasions placed issues before the President which would ordinarily not have come to his early attention. In numerous instances, these issues involved clarification of jurisdictional boundaries and adjustment of programs for better coördination of different agencies that somehow had got in one another's way.

Simultaneously, the bureau kept its eyes on the attainment of dominant wartime objectives through concerted action by several federal agencies, from the point of view of both adequate administrative planning and synchronized execution. This entailed working contacts with planning staffs and operating officials in various parts of the executive branch, and also the combined boards and similar devices by which the United States secured coöperation with Great Britain, Canada, and other members of the United

[15] This is the language of Executive Order No. 8248 of September 8, 1939, which may be called the original charter of the President's Executive Office. See also above note 13.

Nations.[16] Aside from such working contacts, the bureau exercised its budgetary authority for coordinative purposes The same end was furthered in connection with the bureau's review for conformity with the President's program of agency proposals for legislation or executive orders, and agency reports to congressional committees on pending bills Another avenue of coordination presented itself in the bureau's responsibility, under the Reports Act of 1942, for approving agency plans for statistical inquiries addressed to the public. Additional pertinent authorities were included in the war overtime pay legislation and its successor, the Federal Employees Pay Act of 1945, under which the budget director determines periodically the personnel requirements of federal agencies

Coordinating Agencies Compared with the implicit and broadly inclusive coordinating mandate of the Bureau of the Budget, the wartime innovations for pulling together governmental activities in order to "hold the line" against inflation and to organize all of the productive resources of the country for greatest striking power appear as explicit and specific grants of authority The evolving pattern became clear with the formation of the Office of Economic Stabilization; it later found its sharpest expression in the tasks assigned to the new Office of War Mobilization The director of the Office of War Mobilization was charged with the duty "to unify the activities of the federal agencies . engaged in or concerned with production, procurement, distribution, or transportation of military or civilian supplies, materials, or products" He was also to "resolve or determine controversies between such agencies," except those falling into the jurisdiction of the Office of Economic Stabilization In exercising these functions, he was entitled to "issue such directives on policy or operations to the federal agencies . . as may be necessary to carry out the programs developed, the policies established, and the decisions made" under his authority, and to call for progress reports from any of the agencies subject to his directives. In basic conception, the pattern fashioned by executive orders issued in 1942 and 1943 under the President's wartime powers was reaffirmed in the War Mobilization and Reconversion Act of 1944 In this law the renamed Office of War Mobilization and Reconversion emerged as a statutory establishment, incorporating within itself three equally temporary demobilization agencies having kindred supervisory concerns the Office of Contract Settlement, the Surplus War Property Administration, and the Retraining and Reemployment Administration[17]

Thus there had arisen, side by side with more traditional coordinating

[16] Operation of the combined machinery has been looked upon by many as a rehearsal for peacetime international organization see, for instance Salter, Arthur 'From Combined War Agencies to International Administration *Public Administration Review*, 1944, Vol 4, p 1 *ff*. The author is an old hand at combined business his study of Allied shipping control during World War I, published in 1921 is still of great value

[17] The progress of demobilization planning has been traced by Key, V O, "The Reconversion Phase of Demobilization' *American Political Science Review* 1944, Vol 38, p 1137 *ff*

machinery as exemplified by the Bureau of the Budget, an impressive hierarchy of coördinators, with the War Mobilization and Reconversion director closest to the apex. He was not exactly at the apex because he had to share the loftly heights with others, primarily representatives of the military services, including the Joint Chiefs of Staff, and spokesmen of foreign policy, especially the Secretary of State. Although in large part a makeshift arrangement, the new hierarchy of wartime coördinators was instrumental in settling countless questions which normally would have plagued the chief executive without really requiring his consideration. Delegation of some of his authority proved to be the answer to the riddle of unified administrative operation.

This sounds quite simple. But the specific character of such delegation had to be worked out experimentally. Men had to be found to try their hand at tentative assignments, never knowing at the start whether they would fit into the personal working habits of an executive head who at the very beginning of the defense organization for war needs had proclaimed himself emphatically "the boss." And prestige had to be built up for these men so that operating officials would actually take orders without thoughts of appeal or evasion. All of this called for more than mouth-filling clauses written into executive orders.

Although interdepartmental coördination had gained the upper hand over departmental friction during the closing years of World War II, it did not exactly leave us an accepted prototype for peacetime use. In the first place, the somewhat haphazard stratification of coördinative layers wedged between the chief executive and the departmental system in its wartime enlargement in itself resulted in a good deal of uncertainty. A simpler postwar setup appears highly desirable, with fewer layers and still greater precision in responsibilities. Second, the hierarchy of coördinators with their own special staffs seemed to pose a contradiction to the fundamental idea embodied in the Executive Office of the President.

Each coördinator reflected an element of power derived directly from the basic function of the chief executive as the constitutional overseer of the departmental scheme. To differentiate between the "arms of management" supplied in the Executive Office and special arms of coördination might be a strenuous exercise in semantics. Some of the special arms of coördination, it is true, were nominally part of the Executive Office, through the fiction of an integrated Office for Emergency Management; this applied, for instance, to the chairmen of the War Production Board and the War Manpower Commission. However, in both fact and physical location, these first-line coördinators were none too close to the White House. Closest to it, and actually in it most of the time, was the head of the Office of War Mobilization and Reconversion; but he, interestingly, was never organizationally included in the Executive Office. The institutional gap between him and the Bureau of the Budget would probably have caused difficulties save for

generally satisfactory working relationships, insisted upon by President Roosevelt himself.

A third factor is perhaps still more important. Under the War Mobilization and Reconversion Act of 1944, the top coördinator of the home front assumed a statutory office under specifications that tended to pull him toward congressional rather than presidential superintendence. To that extent the law impinged visibly on "the orthodox administrative doctrine that organs of direction should occupy a staff relation to the chief executive."[18] Here, again, we perceive possibilities of dissonances.

A statutory "Assistant President," gravitating toward Congress because of special reporting obligations, may severely limit the President's directive power. His presence also may cause strain in the President's use of the "arms of management" provided in the Executive Office. Or, if there is instead of an "Assistant President" the head of a superdepartment in charge of program formulation and program coördination over wider areas of the departmental system, might not such statutory relationship with the legislature narrow unduly the President's control over the line-up of operating agencies? Coördination above the departmental level is part and parcel of the President's executive function. Such coördination can only be achieved by his direction, based on the same principle on which rests the exercise of authority by his "arms of management." It appears to follow that for best results coördinative assistance should be rendered to the President within the framework of his appropriately regrouped Executive Office. Managerial coördination by the Bureau of the Budget and directive coördination by a special officer cannot be separated organizationally.

Role of the Cabinet. Nothing has been said thus far about the Cabinet as a coördinating mechanism, and for good reasons. It is customary to point out that in contrast with Great Britain the American assembly of department heads as a consultative body is devoid of constitutional standing, in the states as well as in the federal government. Nor is the matter different in our municipalities. Where governor's or mayor's councils exist, they are generally special advisory establishments for particular purposes. Whereas the British War Cabinet, in both World War I and World War II, served as one of the foremost devices for tightening up the departmental system, in the United States the accelerated pace of critical times seems to bring about almost the opposite result. Woodrow Wilson did find it convenient to meet regularly with the key figures of his war administration, but working relations among various agencies rarely dominated the agenda. Franklin D. Roosevelt took no inspiration from Wilson's example and managed to keep the circle of his close advisers for the most part in fairly constant motion. The parallel with the "brain trust" of the thirties suggests itself, including the rate of turnover. In this picture the Cabinet's contribution was

[18] Key, *loc. cit.* in note 17, p. 1152.

reduced to the fact that it continued to meet without ever becoming a central cog.

One explanation of the difference between British and American practice in this respect is usually left unmentioned. In England, the Cabinet puts heavy responsibility for the effective conduct of its business on a competently staffed secretariat. This secretariat, in its developed form the institutional offspring of World War I, sees to it that all matters on the docket, except last-minute propositions of great urgency, are checked and cleared to the point where the issue can be disposed of by a decision offering promise of finality. With us, notwithstanding the existence of the Executive Office, comparable facilities for continuous cross-referencing are still lacking. Small wonder that Cabinet meetings tend to revolve around summaries of developments presented by the President himself, and items of departmental concern brought up by individual secretaries but rarely of true interest to the Cabinet as a whole. Although sound suggestions have occasionally been advanced for a vitalization of the Cabinet,[19] decisive change is hardly in the offing as long as we do not build up an adequate secretariat.

Use of Interdepartmental Committees. Before we leave the subject of interdepartmental coördination, a word on the use of special committees is in order. Such committees combining representatives of several agencies for joint deliberation of matters of common interest or wider ramification are nothing new. We find illustrations on all three levels of government—federal, state, and local. Shortly after its inception, the Bureau of the Budget began to surround itself with a growing array of interdepartmental committees which, under varying names, attended to the inauguration of better management. Collectively, they came to be known as the Coördinating Service, steered by a chief coördinator who in turn reported to the director of the bureau. The Coördinating Service was supported by a regional organization of its own, which linked itself to the more than three hundred federal business associations composed of ranking federal field officials in as many cities throughout the land. In the early twenties, these interdepartmental arrangements gave considerable drive to the improvement of governmental business practices. But in the course of time the effort spent itself, and the Coördinating Service died of stagnation. It was formally abolished in 1933. Atrophy had also weakened the remaining federal business associations.

Many other interdepartmental committees, however, continued to pursue their missions in the executive branch. One notable example was the Central Statistical Board, later transferred to the President's Executive Office and perpetuated as the Division of Statistical Standards in the Bureau of the Budget. Throughout the lifetime of this board, coördinating functions

[19] See, for instance, Macmahon, *loc. cit.* in note 14, p. 1187. See also above Ch. 8, "The Chief Executive," sec. 5, "Arms of Management."

were in the foreground of its program. The same can be said of the Committee on Trade Agreements brought together under auspices of the State Department. A more recent instance was the creation in the State Department of an Executive Committee for Economic Foreign Policy, which may prove itself a very important interdepartmental arrangement.[20]

With all that, we are far from possessing on any of the three levels of government a comprehensively interlocking committee system. Nor should we expect too much from it if we had one. For, in the nature of things, interdepartmental committees seldom feel the directive push from above. They function on condition of agreement, and may deteriorate into trading posts where stubborn parties bicker for their own advantages. Apparently, such committees work best on the basis of specific terms of reference, with a membership picked for sufficient authority or technical knowledge to facilitate mutual commitment, and under alert and vigorous leadership. When these conditions prevail, interdepartmental committees may repay many times the administrative effort invested in them.

Avenues of Progress. In the perspective of interdepartmental coördination, the departmental system shows itself as a massive conglomeration which does not readily respond to the reins held by the chief executive. Administrative agencies are apt to become personifications of a purpose endowed by legislative action and guarded by interest assortments that regard themselves as the lawful beneficiaries of the endowment. The result is reluctance toward whole-hearted acceptance of executive control. Centrifugal tendencies are therefore innate in the departmental structure. A concert of forces is attainable only through continuous assertion of direction from the top.

Realistically speaking, this means that coördinative effort plays the role of a counterpressure. It is never supreme, but it may go far toward accomplishing a relatively high degree of homogeneity of general orientation. Organization charts of the executive branch tend to display reassuringly straight lines of command and responsibility. In certain ways, however, a more appropriate comparison might be that with a feudal pattern of higher and lower fiefs in which the vassals are sometimes torn between conflicting loyalties, and where designation of rank is often a very misleading index of actual power and influence.

Looking ahead with our eyes on the national goal of high-level employment, we can discern some of the problems that closely bear upon the

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[20] For an informative appraisal of federal experience in this field, see Reynolds, Mary T., *Interdepartmental Committees in the National Administration*, New York: Columbia University Press, 1939. The role of interdepartmental machinery within the State Department is indicated in Laves, Walter H. C. and Wilcox, Francis O., "Organizing the Government for Participation in World Affairs," *American Political Science Review*, 1944, Vol. 38, p. 913 *ff.* See also two related papers by the same authors under the titles "The Reorganization of the Department of State," *ibid.*, p. 289 *ff.*, and "The State Department Continues Its Reorganization," *ibid.*, 1945, Vol. 39, p. 309 *ff.*

general organization of the executive branch. When integrated economic policy and coördinated application of regulatory and stimulative mechanisms are at a premium, we must aim at three cardinal things. First, while adding to the strength of top coördination in planning as well as in execution, we must decrease the exorbitant strain on the chief executive by providing supplementary opportunities for synthesis through broader regrouping of departmental spheres or stronger machinery for interdepartmental coöperation. This need is particularly acute in such fields as provision for unified national defense, conduct of postwar foreign affairs, maintenance of industrial peace, and integration of authority over transportation, including aviation. Second, as soon as we think of the implications of departmental regrouping to further these ends, the question of the independent regulatory boards and commissions comes to mind. Independence from the chief executive in combination with segmentation of regulatory assignments between a variety of such agencies spells serious inadequacy. The postwar need for dealing with the economy in terms of widely inclusive consistency does not accord with multiplicity of independent regulatory bodies. Much of this is also pertinent to the future role of governmental corporations. And third, sound staff work within a more comprehensive Executive Office of the President, with full participation of agency staffs, will be an indispensable requirement. Invigoration of the staff function cannot be long delayed lest government itself be challenged in its role of protecting the enterprise economy against fateful shocks.

3. The Secretary's Business

In federal administration, the title of secretary is confined to the heads of eight of the ten executive departments; the remaining two department heads are designated as Attorney General and as Postmaster General. However, in this discussion of the secretary's business we shall apply the term generically. That is to say, we shall deal with the tasks of the governmental executive on the agency level, whatever the name of the agency. Names differ widely today. Aside from the regular departments—federal, state and local—we find agencies labeled as offices (such as the Office of Price Administration), administrations (such as the Veterans Administration), authorities (such as the Tennessee Valley Authority), and so on. Quite a few of these are permanent establishments; many others are of an emergency character. However they may differ in durability, most of them are generically very much like the regular departments. Their heads face about the same working conditions and tribulations.

External Affairs. Like the chief executive himself, the governmental executive on the agency level must cope with two main categories of business: external matters and internal matters. Both categories compete for his attention. He cannot safely neglect the one for the other. In this respect, again, the governmental executive finds himself in a position not

basically different from that occupied by the executive in private enterprise. It is sometimes suggested that the governmental executive, being a public figure distinctly visible to the public, is more heavily burdened with external matters However, private management has recently become very much aware of the necessity for dividing its energy to satisfy the general public as well as its customers, stockholders, and employees.

An angry general public can stir up a lot of trouble even for the biggest corporations. Thus it is sound protection of investment for private management to put its best foot forward in its relations with the general public. Ever since the late Ivy Lee made himself the father of a new profession by "humanizing" the Pennsylvania Railroad and the senior Rockefeller, the art of public relations has enjoyed top rating among the external concerns of business executives. The emergence of such figures as Archibald MacLeish, a ranking man of letters, and William Benton, a publicity specialist, as Assistant Secretaries of State in charge of informational services is symptomatic of the same development in public administration.

Roughly speaking, the weight of the executive function in the technical sense rests in the internal realm, in the direction of an administrative organization toward accomplishment of its purposes. By comparison, external business gives the impression of being auxiliary to the executive function, providing for the surrounding conditions under which this function—and the total task of the organization—can best be carried out. Such a distinction, however, should not lead us to assume that we may draw a precise borderline between external and internal aspects. Quite apart from questions of administrative policy where public repercussions are often a crucial factor, even seemingly innocent details of management have an alarming capacity for catching unexpected attention outside the agency's four walls. Most problems which come before the governmental executive carry with them potentialities of public debate, and require at least a second thought from this angle.

Living in a Goldfish Bowl. Fortunately, the large majority of items passing across the desk of the governmental executive fail to attract outside notice. But he can never be sure in advance. Newsmen have their peculiar pipelines. Congressmen fish up a great many interesting things about regulations, instructions, and orders which agency field officials bring to bear upon constituents "back home." Grilling may be merciless when the time comes around for legislative committee hearings on the agency's budgetary estimates, to say nothing about investigating committees.

Of course, public wakefulness is not only necessary in a democracy but also a most desirable stimulant. Yet the governmental executive frequently has a tough time trying to do anything without offending some organized group or running up against the highly personal views of a powerful figure in the legislature. On the legitimate doctrine that public business is everybody's business, we are as a nation predisposed toward criticizing pub-

lic officials more liberally and spontaneously than we do executives in private enterprise. That in itself has done much to retard the demise of the myth that business management is more efficient than government, and to keep alive the dangerous notion that the price of democracy is inefficiency.

Because of the pressure of external matters, the governmental executive must be something of a politician, at least in an extracurricular way. If he was recruited from the arena of politics, he may not find it difficult to retain his former alignments and friends. These are valuable sources of counsel on matters of agency strategy and tactics. They can be instrumental in promoting the public reputation of the governmental executive as a "crack administrator," even if his management staffs will never cease to shake their heads in privacy. Friends good and true, in the legislature and in interest organizations, are also able to carry the ball for him when the game becomes fast. A different situation usually presents itself to the governmental executive whose rise to office stems from eligibility acquired outside politics in the customary meaning. He needs the same kind of external support, but he seldom gets it without extensive effort. He may also learn that it is not a simple thing to be a politician in an extracurricular fashion without making it a curriculum.

Whatever the background of the governmental executive, he cannot for any length of time relax his vigilance over his agency's public relations. This requires special internal organization, technical assistance within his own office, and much hard labor on his part in mingling socially with the right crowd, in building good will at his press conferences, and in cultivating his legislative contacts. Nor should we forget his equally exacting chore of maintaining himself close to the chief executive and those who have his ear—officials or members of the "kitchen cabinet," which may also include elements of the distaff side.

Finally, there are his colleagues at the helm of various other agencies. Some of them may have sharply competitive instincts. Others may demonstrate personal antagonism. But rare is the agency which can live by itself, without dependence on sympathetic coöperation from other agencies. It would be very bold to presuppose the existence of whole-hearted coöperation among all members of the executive family. In the development of coöperation, the way in which the governmental executive personally gets along with his brethren is a matter of great importance. One of his most obvious tasks as the responsible head of his organization is to exert himself continually toward driving into every part of it a thorough appreciation of the need, not only for good public relations, but also for effective working relationships with other elements of the executive branch.

Character of Executive Function. Turning to the executive function itself, we may describe its core in brevity as direction and control—the former in the sense of providing for the right kind of action, and the latter looking toward the attainment of accountability for and in the execution of policy. These

two central terms embrace a variety of integral and interrelated functions. Direction entails planning, coordination, and programming—even research Control involves organization, supervision, documentation, and reporting. Other subsidiary functions play in equal proportions in both spheres Budgeting, for instance, is simultaneously a tool of planning and a method of accountability. Personnel administration also serves both direction and control.

While there are different ways of grouping the ingredients of the executive function, no grouping can dispose of the plain fact that the governmental executive himself operates in a relatively small circle concentric with that of the total executive function In other words, in exercising the executive function he is at the pole from which his actions radiate into his agency. However, in shaping his actions and in securing compliance throughout the agency he must necessarily rely on many aides who thus act as extensions of the executive function Because human beings are anything but robots, these aides perform their tasks not as inanimate cogs but as individuals who exert measurable influences upon one another, and also upon the governmental executive himself This makes the latter a more resourceful and better informed chief. But it is at the same time a control and a limitation placed upon him.

Classes of Executive Aides. The aides who share in the exercise of the executive function fall into fairly distinct classes They may be divided broadly into political and professional officers Typically, undersecretaries, assistant secretaries and special assistants are political appointees, though their claim to recognition is based in an increasing number of cases on evidence of special competence rather than on obligations of patronage. One or the other may even have come from the ranks of the department. The professional element is mostly supplied through career service. In federal administration, the majority of bureau chiefs or heads of special services like budgeting have reached their level from below; this would not be true of many state and local governments

Most of the federal bureaus are in charge of defined departmental activities of a line character But you can never trust official nomenclature. Outstanding examples of bureaus serving in a staff capacity are the Bureau of Agricultural Economics in the Department of Agriculture and the Bureau of Labor Statistics in the Labor Department Many other staff units are known as offices, divisions, or branches Such staff and auxiliary facilities—planning, management, budget, statistics, personnel—add to the infusion of professional thinking into the institutional environment in which the agency head spends his days.

Attaining an Institutional Product. The governmental executive thus enjoys the advantage of having at his call not only various types of advisers but also a profitable blend of judgments—political and professional, staff and line, general and special If he is alert in securing the proper mixture

for each different occasion, he will rarely make a fool of himself. However, the proper mixture cannot be found in any book of recipes. The crux of the executive function lies therefore in the teamplay of all the aides who enter into the exercise of direction and control.

In an agency that has settled down to its business and has become a going concern, teamplay will arise without requiring constant prodding from the head of the agency. Notwithstanding personal incompatibilities of one kind or another, the individual members of the team will come to adjust themselves to a pattern familiar to all. Each will learn the modes of thought of the others, including their idiosyncrasies and their blow-up points. As this process continues, the governmental executive will be able increasingly to restrict himself to feeding fresh ideas into the team and to getting conclusions into concrete form for practical application. It is in this sense that some students of management have spoken of the executive as the catalyst or as the ratifier of staff judgment. This is quite different from the naïve conception of the titan who roars orders.

Departmental leadership, then, calls for much more than a chief who *thinks of himself as a ruler and "gets things going."* He *cannot whip* subordinates into doing well. He cannot overrule them blindly. He has no way of preventing his orders from being bent and twisted at will in the process of execution by operating officials who say they "didn't understand them." The governmental executive—in widening the horizon of his organization, in holding it to its main goals, in welding its resources together, in straightening out internal and external difficulties—shows himself a true leader by being ever mindful of the human factor.[21] The more he succeeds in persuading, the less will he be driven to empty gestures of authority. In the long run, his accomplishments will not stand up if they fail to live in the minds and attitudes of his subordinates. This means that he may have to accept, at least temporarily, the veto of his key officials. Nor can he push ahead in too many directions at once. He must have considerable patience in making his influence felt. Only thus can he educate his organization to think and act on his terms. Only thus can he give real force to his leadership.

4. The Bureau Pattern

Special Concerns Versus General Purposes. Exercise of the executive function employs many more individuals than the agency head himself. Despite such relief as may be achieved through distribution of responsibilities among officials sharing in the application of directive power or implementing the directive power by staff work, the governmental executive

[21] For a more extensive discussion of the working approach of agency heads, see Stone, Donald C., "Notes on the Governmental Executive: His Role and His Methods," *Public Administration Review*, 1945, Vol. 5, p. 210 *ff.*; Appleby, Paul H., *Big Democracy*, ch. 7, "Operating on One's Proper Level," New York: Knopf, 1945.

is still heavily burdened. He alone is able to attend to the necessary contacts with the chief executive, legislative leaders, and his colleagues in the departmental system. He alone is in a position to reconcile in binding terms political answerability for the actions of his agency with vigorous pursuit of agency programs He alone can shoulder the task of keeping fresh in all minds a unified conception of purpose and approach.

Faced with these prime duties, he would invite failure and defeat if he allowed his energies to be dissipated in details and trivialities. Of course, small things are often more important than they seem to be at first glance, especially if they have a political twist. In trying to shun small things, the governmental executive therefore cannot afford to dispose of sage discrimination. He must develop an eye for the significant detail Yet he should normally stick to his proper level If he does not, he is likely not only to give inadequate time to his main role but also to befuddle his supporting cast and throw working relationships on lower levels out of gear.

In confining himself generally to his own level, the governmental executive would have little ease of mind if he could not be reasonably sure of the caliber, loyalty, and thought processes of his key subordinates This again underscores one of his principal obligations—that of establishing close *rapport* with the subleadership of his organization so that his attitude can become active on a broad scale. Subordinates can directly handle many issues when they know of his general attitude. They can evolve a pretty dependable sense of differentiation in determining what matters should go up to him and what matters they can settle in their spheres.

It is difficult to spell out such differentiation in writing, but in the working style of a well-directed agency the differentiation is usually quite precise to all concerned Equally important is the willingness of the govern mental executive to make the most of his associates by handing them things that are too tough for him to accomplish without assistance He is the conductor in the concert of specialists; as such he needs only his score, a baton, and the eyes of his orchestra. When technicalities come up, he should promptly turn them over to his technicians. When operational questions arise, he should first put them up to his operators In either case, he has to be familiar with the structure of his resources.

Centrifugal Pull Most of the staff and auxiliary services aiding the governmental executive are appendages to his own office, though the organization chart will show them as separate boxes But the operating branches, traditionally organized as bureaus or their equivalent, are one further step removed Each—in its divisions, sections, units, and field establishments—may control many hundreds and even thousands of employees And the number of such bureaus within one agency may run to a score. The sheer bulk of these operating branches absorbed in their particular business means for the agency's center—the secretary's level—an enormous centrifugal pull, a constant "downward drag" As one able former undersecretary

has remarked, "throughout my stay in Washington I have been impressed with the fact of too great separation on the part of the bureaus from the departments."[22]

This separation is not simply overcome by placing groups of bureaus in charge of assistant secretaries or coördinating directors. However, we can see the obvious need for "some collateral or parallel lines of control to push against the whole vertical structures of the bureaus in moving the bureaus into closer association and harmony." In addition, "immediately around the secretary there must be a special means for converting matters that come from the special bureau pyramids into the general."[23] During World War II as well as earlier, the Department of Agriculture experimented with arrangements of this kind, if only in a tentative fashion. Such arrangements, however, do not yield results automatically. They are stepping stones that lead to varying degrees of functional integration when and insofar as the departmental officialdom can be induced to use them as the customary and the safest thing to do.

Bureau Intransigence. As departments are prone to struggle for their operational prerogatives and find inconspicuous ways of defying or evading central control, so bureaus within departments prefer to be "left alone" by the departmental high command. Some of this tendency is everpresent. It is frequently reënforced by bureau self-sufficiency, both in squarely sitting on a special function and in holding hands with a specific clientele. The result may be a high degree of institutional intransigence paired with subservience to interest demands coming from the outside. The one is as embarrassing to the governmental executive as the other.

Here, as in the area of the chief executive, we can notice distinctly the unintended consequences of the historic growth of our administrative organization. The body administrative first developed its extremities, then its head. In their relative proportions, hands and feet—the operating extremities—are oversized and the control center of the nervous system is still too weak. To change the metaphor, the relationship between the bureaus and the secretary's setup resembles, more often than it should, the proverbial tail wagging the dog.

Weight of Professionalization on Bureau Level. The genesis of our administrative system is also reflected in a related fact. Not only are the staff facilities available to the governmental executive younger and weaker than most of the operating bureaus; they are also less representative of the career element.[24] Thus general management and control, in terms of the

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[22] Appleby, Paul H., in an interesting exchange of letters with Professor Arnold Brecht published in *Public Administration Review*, 1942, Vol. 2, p. 63.

[23] *Ibid.*, p. 66.

[24] A most valuable source of information on this and related subjects is Macmahon, Arthur W. and Millett, John D., *Federal Administrators*, New York: Columbia University Press, 1939. See also the first author's earlier studies of selection and tenure of federal bureau chiefs published in *American Political Science Review*, 1926, Vol. 20, p. 548 *ff.*, 770 *ff.*

entire department, have to contend with a greater measure of professionalization on the lower levels The answer, of course, is fuller recognition of the career idea near the apex of the administrative hierarchy, including a differentiation between political and permanent members of the secretary's entourage.

It is interesting that the central departments in Germany, where the career principle for the higher service emerged more than two centuries ago, have traditionally operated as very small establishments, with the operating branches organized as autonomous though subordinate entities The department head exercised his authority primarily through, or with the constant counsel of, his permanent undersecretary The permanent undersecretary in turn relied on the directors of some three to five divisions, each of which was composed of less than a dozen officers, not counting clerical personnel These officers—principals, as their counterpart is called in British ministerial parlance—looked after their special fields, in which each was "expected to be the foremost expert of the country, at least so far as it relates to government"[25] The principals were the links between the department and its autonomous though subordinate bureaus headed by presidents The individual principal kept the bureaus under his jurisdiction in touch with departmental policy and conversely received all necessary information from them This may appear to us as a still more marked separation of the bureaus from the departments Actually, conversion of business from the special bureau context to the general departmental context was more easily attained through a small but high-powered top organization composed of career men

Reaffirming Unity of Purpose. However, although his bureaus may have assertive individualities of their own, it should not be inferred that the governmental executive is helpless in the face of subtle obstinacy His staff and auxiliary services, if alive to their opportunities, are capable of acting for him at many points of the departmental organization in the combined roles of mediators, missionaries, and watchdogs The departmental budget officer, for example, can be extremely useful in keeping operating bureaus in line by screening their requests for appropriations with a view to conformity with the general program of the agency head. Nor need the pressure for synthesis come exclusively from the top. Interbureau committees may be utilized to provide gentle compulsion for the operating services to take account of a broader conception than that of their own cherished

[25] Brecht, Arnold and Glaser Comstock *The Art and Technique of Administration in German Ministries*, p 25, Cambridge Harvard University Press, 1940 Professor Brecht, a former ministerial director in the German career service has argued the case for arrangements described in the text in a number of thoughtful statements, most extensively in his article on "Smaller Departments," *Public Administration Review*, 1941, Vol I, p 363 *ff*, and in some subsequent correspondence with Mr Appleby, then undersecretary in the Department of Agriculture, *loc cit* above in note 22, p 61 *ff* It is pertinent to observe that federal departments have as a rule met suspicion on the part of the Appropriations Committees of Congress when proposing reinforcement of the immediate organization at the disposal of the department head

microcosm.[26] Consultative methods, systematically applied, can contribute substantially to the formation of what may justly be called the departmental mind. Regular staff conferences, bringing together responsible officials on various levels of the departmental pyramid, offer another device that has yielded tangible benefits where it has found thoughtful sponsorship and intelligent support.

To be sure, forms of administrative structure and management, though experience may favor one over another, are never better than the living substance for which they are to serve as receptacles. This living substance is made up of men and women who at best represent humanity in all of its embodiments. That they have passed entrance examinations is perhaps the least significant thing about them. Much more important, beyond their quest of decent living, is their pride of service and the nature of their adjustment to the discipline of working together for an end above personal gain. In both their pride and their adjustment, they are subject to influences—good and bad—that spring from the dynamics of our political order. Departmental leadership is only one of these influences, but its effects should not be underestimated. The more we succeed through proper staffing in making departmental leadership an institutional product, the less need we fear the bungling or bullying of uninspired mediocrity.

[26] For the experience of the Department of Agriculture, which has extensively relied on this medium, see Glaser, Comstock, "Managing Committee Work in a Large Organization," *Public Administration Review*, 1941, Vol. 1, p. 249 *ff*. See also in general Morstein Marx, Fritz, "Bureaucracy and Consultation," *Review of Politics*, 1939, Vol. 1, p. 84 *ff*., and "Policy Formulation and the Administrative Process," *American Political Science Review*, 1939, Vol. 33, p. 55 *ff*.

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CHAPTER

10

Independent Regulatory Establishments

The administrative structure of government is often pictured as a neatly symmetrical pyramid in which each stone is a unit of the executive branch and the capstone is the chief executive. Tidy instincts make us expect that no stray stones will be scattered about on the ground surrounding the pyramid. In practice, government is not organized that way, and there is a considerable body of opinion that it should not be so organized. We need only glance at any government in this country or abroad to see that while many public agencies are subject to immediate control by the chief executive, there are a number of agencies having some degree of independence from him and even, in certain cases, from the legislature. It is these so-called independent establishments that will receive particular attention in the present chapter.

1. Types of Independent Establishments

Meaning of Independence. "Independence," as a word, has acquired a confusing variety of meanings in the governmental setting. Usually the word refers to freedom of an agency from immediate control by the chief executive and, in some cases, by the legislature. In certain uses, however, "independence" in government refers to integrity and devotion to the public interest—a natural derivative from the first meaning if legislatures and chief executives are thought of as "political" in the opprobrious sense of that term. By natural progression, this emphasis on integrity and the public interest as the very substance of independence leads to giving "independence" the meaning of freedom from control by special interest groups. Sometimes even, by independence is meant an agency's freedom to act without fear of highly restrictive legal barriers erected by courts of law. Finally, those who use independence in the sense of freedom from executive and legislative control may wind up, through a different chain of reasoning, with an "independence" that means direct responsibility to the electorate.

These confusions of meaning are not so great as to create insuperable

obstacles to consideration of the status of so-called independent establishments. Actually, they arise simply from applying the same term to two things. The first is the end sought—the formulation and administration of public policies without undue pressure from political and economic interests. The second is the supposed means to that end—the organizational status of "independence" or isolation from political and economic centers of power.

There are five main types of agencies for which independent status is often urged and obtained. First are the regulatory agencies, charged with exercising broad governmental powers in connection with electric power, transportation, insurance, banking, liquor control, securities issuance, fair trade practices, labor relations, radio, and other important economic areas. The second type is the government-in-business enterprise, usually organized as the government corporation, to which the next chapter is specifically addressed. Third are certain service agencies. Some of these, like educational institutions and welfare departments, may claim the right to independence largely because of the professionalization of their staffs. Others, like highway commissions and—to some extent—social agencies, claim independence because of the possibility of the governor's making political capital of their large staffs and expenditures. The fourth group consists at the state level of such officials as the state treasurer, secretary of state, and attorney general, who largely for traditional and political reasons may be directly responsible to the electorate. Finally, there are the auditors who, because they are expected to report independently on the legality of expenditures by executive officials, are wisely made independent of control by the chief executive.[1]

Surprisingly, it is genuinely difficult to determine when an agency is independent. In fact, both complete independence from, and complete subordination to, the chief executive and the legislature are myths. All governmental institutions draw too much from the same wellspring of ideas and are too exposed to the same "climate of opinion" to be thought of as truly independent for long. Independent establishments, like courts, follow the election returns, though sometimes with considerable reluctance and delay. On the other hand, it is a familiar feature of bureaucracy that even in the more highly integrated executive branch, individual departments, bureaus, and sections can muster a considerable resistance to direction by superior authority; this can be remedied only by firm and decisive action by the higher executives. We are, therefore, dealing with a matter of degree—greater or lesser—of independence, not with complete independence or complete dependence.

[1] In the federal government the term "independent establishments" frequently refers to all agencies neither in the legislative nor the judicial branch that are outside the ten so-called executive departments. Such agencies, including, for instance, the National Archives and the Smithsonian Institution, have very little in common except this one negative characteristic, and are not as a group the subject of this chapter.

Institutional Safeguards of Independence. Ingenious designers have by now developed most of the institutional arrangements that promise to increase an agency's degree of independence The most common device is that of the commission or board form of organization. It is supposed that a group of three, five, or seven men is less susceptible of subservience to the chief executive than a single department head. If decisions must be made by such a multiple-member commission, there is likely to be emphasis upon discussion, deliberation, consideration of all relevant opinions, and compromise The very delay involved in calling a formal meeting of the commission before a decision is made is an influence against precipitate compliance with the chief executive's orders.

Conceivably, of course, even a commission could be made subservient if its members were party loyalists all allied with the chief executive, or if they were beholden to him for their tenure and could be removed at any time he thought appropriate In fact, some commissions and boards are created as agents of the chief executive, with no thought that they will be or should be independent Advocates of independence must therefore go beyond mere creation of commissions

Many commissions must be bipartisan; that is, each must be composed of members of both major political parties and in approximately equal numbers. However, political scientists are agreed that the requirement of bipartisanship puts a premium on extensive political activity as a qualification for membership, and therefore fails to lift commissions out of politics into an atmosphere of true independence [2] Furthermore, with each major party at present such a congeries of discordant factions, a bipartisanship requirement alone cannot prevent a shrewd chief executive from picking a majority of members who share his views on public policy in the area of the commission's responsibility While party labels still mean different orientations as to public policy when applied to each party as a whole, such labels may be quite meaningless when attached to individuals

Another supposed assurance of independence is the staggered-term arrangement Terms of members of each commission are scheduled on an overlapping basis so that no individual chief executive during his term of office has an opportunity to appoint a majority of members of any commission. Thus it is assured that no commission will be subservient to him. This safeguard breaks down if the same chief executive is elected for more than one term or if the same political party or faction captures the post of chief executive for several terms in succession. Furthermore, it is to be noted that not only newly appointed commissioners but also hold-

[2] One distinguished public servant, Joseph B Eastman, nearly missed appointment to the Interstate Commerce Commission because he was an independent in politics and hence could not qualify clearly as a member of either political party For convenience, he was classified as a Republican since there was no Democratic vacancy See Swisher, Carl B, "Joseph B Eastman—Public Servant, *Public Administration Review*, 1945, Vol 5, p. 37 *ff*

overs whose terms will expire during the chief executive's term are likely to be hospitable to his views on policy.

Appointment and Removal of Members. Statutory or constitutional restriction on the exercise of the executive's appointive power in connection with commissions is another device resorted to in the name of independence. Many such restrictions are scarcely worth notice, for they are almost meaningless—statutory insistence that an appointee be of good moral character, or have professional or business experience, or be free of a criminal record! A requirement of senatorial confirmation of appointments is difficult to appraise. Possibly it deters the chief executive from making outrageous appointments, though public opinion alone should suffice as a check. On the other hand, a requirement of senatorial confirmation may actually inject so much politics into appointments as to discourage able citizens from allowing themselves to be put forward as candidates for public positions. Sometimes the chief executive's freedom of choice is considerably restricted by the requirement that he select appointees from a limited panel of names prepared by some presumably nonpolitical group. Thus, neutral citizens—for example, presidents of the principal universities in the state—may be authorized by law to nominate to the governor candidates from whom he shall select members of an important regulatory commission.

In other instances, the legislature may actually force the governor to select all commission members from a panel of names submitted by a single special-interest group. This, of course, reflects considerable distrust of the governor and relatively greater confidence in the interest group's sympathetic regard for the public interest. Often such a provision betokens abdication by the legislature in favor of self-regulation by an industry, profession, or other economic group. Sometimes several competing interest groups are brought into the nomination process, and the chief executive is required to select a certain number of his appointees from nominees of each of the interest groups. Through such a balancing of special interests in its membership it is supposed that the commission's decisions will come close to representing the public interest—a supposition, it may be added, that students should regard with some skepticism.

More importance is attached to the removal power than to any other criterion of independence. Unless a commissioner or head of an agency has security of tenure, he is in no position to challenge the policy instructions of the chief executive. Actually, few statutes place commissioners entirely beyond the executive's removal power. It is recognized that legislative impeachment is too cumbersome a process to be the sole recourse against dishonest or inefficient public officials. In the case of independent commissions, however, the executive is generally restricted to certain specific reasons for removal. "Inefficiency, neglect of duty, or malfeasance in office" are fairly customary grounds for removal in federal statutes creating independent commissions. These restrictions are enforced by the courts, as President

Franklin D. Roosevelt found to his sorrow when, early in the New Deal, he attempted to remove Commissioner William E. Humphrey from the Federal Trade Commission. However, the chief executive is allowed considerable discretion in deciding what actions do fall within the grounds for removal specified by statute. Removal is, of course, an extreme step that is rarely taken. Yet its existence or nonexistence as an ultimate sanction of the President's authority conditions the atmosphere in which commissioners consider his views on commission policy.

Financial Support and Basic Authority. Freedom from reliance upon the chief executive and the legislature for financial support is an important criterion of independence. We should not underestimate the importance of executive budgets and legislative appropriations as annual or biennial power-bestowing and power-withdrawing instruments—and, by natural deduction, instruments giving the chief executive and even individual legislators an influence upon the commission that they might not have otherwise. Commissions that finance themselves are generally free of this executive-legislative type of control. The Board of Governors of the Federal Reserve System is supported directly by assessment upon the reserve banks. And many state commissions on banking, insurance, public utilities, agricultural marketing, and professional licensing support themselves in whole or in part through assessment of fees on the companies and individuals subject to their regulatory authority. As a means to independence, financial support is an excellent instrument; but it runs counter to the whole emphasis in democratic history upon legislative possession of the power of the purse.

As yet, the architects of independent establishments have failed to free such agencies from dependence on the legislative body for grants of regulatory authority. Congress and the state legislatures create and abolish the powers of independent agencies. Every so often, therefore, an agency, however independent by all the criteria just reviewed, must ask the legislative body for extensions of its jurisdiction and for more effective sanctions with which to enforce its decisions. It must also enter the legislative arena whenever a bill is proposed to abolish or weaken the agency.[3]

Political Factors. Two final factors are important in freeing agencies from dependence on the chief executive, even though they are unrecognized by the statute books. One is the alliance of agencies with pressure groups whose economic and political power is sufficient to protect their wards against even such controls as are authorized by law. If a utilities commission wins the favor of the utility companies, the banking commission comes to be regarded as the banks' creature, the fish and game commission is strongly backed by the well-organized sportsmen's associations, the labor

[3] A few state agencies are established and granted their powers by constitutional provision; dependence on the legislature is therefore lessened, but on occasion such agencies may have to participate actively in a campaign to influence an election on proposed constitutional amendments.

department can run for support to the great labor organizations, and the medical licensing board can turn to the influential medical association—in such situations a chief executive and a legislature may readily be balked in their attempts to control these public agencies.

The second factor is not unrelated to pressure-group alliances. It concerns the ability of the agency to develop political power sufficient to resist the chief executive's encroachments upon its independence. The courting of pressure groups is, of course, a major step in this direction. In addition, if an agency head controls a major faction in the chief executive's political party as some agency heads are appointed in recognition of such control, or if the agency has assiduously cultivated the good will of legislators and local party leaders, or if the agency head has established a public prestige that would cause the newspapers, educational leaders, civic organizations, and women's clubs to protest vigorously any executive trespassing on his authority—in cases like these the chief executive will not "cross" the agency head without gauging accurately the political liabilities he might thereby assume.

In part, of course, we are saying that regulation is essentially political, that it is concerned with the formulation of public policies. Over the years, the people have established legislative and executive instruments for policy-making and have placed emphasis on responsiveness of those instruments to public opinion. This responsiveness is periodically enforced at the polls and is less formally emphasized between elections in newspapers, correspondence, speeches, hearings, and through other channels. The people's legislative and executive instruments must, in turn, control the regulatory agencies, unless we err in speaking of the work of these agencies as policy formation. The problem may therefore in part be reduced to the questions: What is the nature of regulatory business? How should it be conducted?

2. Nature and Conduct of Regulatory Business

Regulation is governmental circumscribing of the range of permissible conduct of individuals and groups. The simplest regulations require that stop lights be observed, that houses not be robbed, that children attend school. In this type of regulation, characteristically the legislative body adopts a clear-cut rule defining public policy. It is a simple task then for policemen and truant officers to arrest apparent violators; and the courts have no serious problem, assuming sufficient evidence is presented, in deciding finally whether or not the law has actually been violated.

Rule-Making and Case-by-Case Decision. However, regulation by modern government goes far beyond the simple examples cited. In the less simple types of regulation the most dramatic feature is the extent to which legislative bodies delegate broad discretionary power to administrative agencies. The legislatures despair of defining in crystal-clear terms the norms of conduct to govern economic or social life. Instead, they pass

laws requiring that railroad and power rates be "just and reasonable," that restaurants and dairies be "sanitary," that employers provide "reasonable protection to the lives, health, and safety" of their employees, that commercial practices not be "unfair or deceptive" or include "unfair methods of competition." The volume of legislative business, the lack of expertness on the part of the average legislator, and, perhaps, a disposition of the lawmaking body in some instances to "pass the buck," have all contributed to the trend toward vague statutes whose only precision is acquired by administrative and judicial action long after the legislature has completed its work. Whatever the cause, the administrative and judicial areas of discretion have been vastly increased by legislative inability to define precisely what acts government regards as unlawful.

Once the legislature has decided to delegate broad discretionary authority, the question of whether such authority should be exercised through techniques of a legislative, judicial, executive, or other character is posed. Most regulatory agencies use a combination of these approaches, but it is important to note the practical significance of the several approaches because the emphasis given each differs. If emphasis is placed on a legislative technique, the agency will set about doing what the legislature failed to do —define with some exactness the types of acts that will be treated as unlawful. This it will do through the issuance of rules and regulations. For example, in most states there are industrial safety codes, issued by the state labor department, which describe specifically the types of safety precautions employers must take if they are to conform to the legislature's demand that employers provide safe conditions of employment.

On the other hand, if the discretionary authority is to be exercised along judicial lines, the agency very probably will depend upon private individuals to bring cases formally to its attention, or it will on its own initiative hail suspected violators before its bar for an investigation, or it will require that individuals and companies proposing to take a particular line of action —such as open a liquor store, extend a railroad's tracks, or practice medicine—apply to the agency for a license or "certificate of convenience and necessity" before going ahead with the proposed action. Whichever of these approaches is followed, the agency will be deciding each case as it comes along, without paying too much attention to the need of industry and citizens for more reliable guidance as to permissible conduct than either the vague statute or the spotty pattern of past case decisions affords.

The rule-making approach does have the advantage that the public learns relatively more promptly the standards by which it must abide. Furthermore, in formulating such general rules, the regulatory agency can engage in thorough research and consult with representatives of all groups likely to be affected by the regulation. Thereby the agency frankly acknowledges that it is making public policy, that it needs to inform itself of all relevant economic facts, and that it desires the advice of all affected interests.

The case-by-case approach, on the other hand, leaves the public in the dark for years, in some instances, as to what the vague statute means. It often narrows the evidence to that presented in formal court-like hearings. It tends to ignore affected interests not represented by the two contending parties to each dispute. And it permits the introduction of considerations of public policy and public interest only as rather regrettable departures from "sound" procedure.

The case-by-case approach reaches its greatest usefulness when the function is genuinely one of settlement of disputes between two parties; as, for example, when an injured workman seeks compensation from an employer. Especially is this true where the statute, or a set of regulations having the force of law, fairly clearly establishes the standards to control the adjudicative work. What is needed then is simply a process that will: (1) let the two parties tell their stories and argue whether the facts fall within or without the area defined by the legislative standards; and (2) ensure that the decision is made by a man who will honestly weigh the evidence and arguments presented by the two sides and exercise wise judgment in ruling which contender should prevail. This clearly is a different situation from one where public policy needs to be defined, where the public interest needs to be vigorously advanced in an industrial area in which that interest has previously been subordinated to private interests, and where an important segment of the economy needs to know the "rules of the game."

Administrative Approach. A third approach to regulation is usually thought of as executive or administrative in character. Most clearly connected with this approach is the regulatory function of inspection. It is the inspector who checks fire precautions in theaters and office buildings; visits factories to determine observance of industrial safety codes and laws governing the employment of women and children; looks over barber shops, dairies, and restaurants to ensure sanitary conditions; stops cars on the highway to prevent spread of the Japanese beetle; examines bank records to protect depositors against loss of their savings; surveys factory payrolls to enforce wage and hour legislation; and goes through railway trains to assure that their equipment complies with all necessary safety devices. Sometimes the inspector is a laboratory technician testing the quality of food and drugs. Sometimes, indeed, if the term has a reasonable degree of elasticity, he is an administrator and grader of examinations taken by candidates for licenses such as doctors, pharmacists, and barbers.

The inspector is naturally more circumscribed in his function than an agency head promulgating rules and regulations affecting great industries; the inspector is often the implementer of such rules and regulations. Nevertheless, he is no mere automaton answering "yes" or "no" to a form question as to whether his inspection reveals a violation. The modern inspector is often a missionary, charged with spreading awareness and understanding

of the law and the administrative regulations under the law. He is expected to tell people subject to his jurisdiction not only what the regulations are and the penalties for their violation, but also why the regulation is necessary and deserves voluntary compliance. Inspection and enforcement, in other words, thrive best when those subject to them are so educated and persuaded that actual violations are few.

This very emphasis on the inspector's educational function lends breadth to his discretionary powers. For discovery of a first violation is often used as an opportunity for an educational interview with the violator, rather than for punishing him. Whether this educational approach is followed twice or thrice with the same violator, or on the other hand is rejected even for a first violation in favor of prompt punishment, is largely a matter for the inspector's judgment as to which course will best serve the public interest. It is noteworthy that for laxity in enforcement by the inspector there is generally no judicial remedy. The public interest, in other words, is protected only by the administrative means of the inspector's removal or reprimand by his administrative supervisors.

Regulatory officials and scholars alike have often questioned the attempts to define regulatory approaches as either legislative, judicial, or executive. One basis of their questioning is the frequency with which two or three of these approaches are combined in the same agency. In practice the rules-and-regulations approach, which is of a legislative character, and the case-by-case approach, which is more judicial in orientation, are often found together. For instance, in some states the so-called workmen's compensation board both formulates industrial safety codes and hears individual cases of workmen claiming compensation for injuries sustained in industrial accidents. The War Production Board promulgated orders applicable to whole industries, heard appeals from individuals seeking exemption from those industry-wide orders, and also heard violation cases. In addition, naturally, regulatory agencies have executive or administrative responsibilities. A notable case among the independent agencies is the Interstate Commerce Commission, which enforces a variety of statutes designed to ensure safe operation of the railroads; under one of these statutes its inspectors examine over one hundred thousand locomotives each year.

Mixture of Approaches. In fact, the mixture of legislative, executive, and judicial approaches has been one of the principal arguments for establishment of the independent commissions. The reasoning runs that, under the doctrine of the separation of powers, none of the three great branches of government may exercise powers constitutionally belonging to either of the other two branches. Consequently, a regulatory agency exercising a combination of legislative, executive, and judicial powers cannot constitutionally belong to any one of the three branches. Hence, the regulatory commissions must be independent. This reasoning overlooks the fact that

a number of the executive departments and agencies perform all three types of function.[4]

The second basis for questioning the attempt to categorize different types of regulatory action as legislative, executive, and judicial arises from a belief that this classification loses sight of the real heart of regulation, which is fact-finding. It is stressed that every major determination by government in the regulatory sphere should be preceded by an earnest effort to find the facts. This may involve broad research in the economics, history, and administrative phases of the general problem, investigation of the records of companies most affected by the proposed decision, collection of statistics from the industry on a periodic basis to provide factual background for all of the agency's decisions, and consultation with experts and interests likely to be directly or indirectly affected by the proposed decision. Consultation might be secured by formal hearing, by interviews through members of the agency's staff, or by correspondence. It should be directed to getting both facts and opinions or arguments.

This is a more comprehensive approach than any attempt to put regulatory activities into neat packets labeled "legislative," "executive," and "judicial" for the purpose of using distinctive procedures for each. Since it is convenient to argue by analogy, those who take this fact-finding approach say that its nearest kin is the approach of legislative committees.[5] The distinguishing features of the legislative committee are these: (1) it takes the initiative in seeking economic and social facts and opinions as a basis for guiding the judgment of the legislative body; (2) it recognizes that in pursuing facts to guide public policy, the cumbersome procedure of law courts would both consume undue time and obstruct the assembling of relevant evidence; (3) it works on the assumption that its members are the seekers of the truth and may take an active part in the questioning of witnesses, without impairing each member's ability to arrive at unbiased judgments on the basis of the facts and the policy issues involved; (4) it is a testimonial to the principle of delegation, for although the legislature itself

[4] Federal administrative agencies exercising rule-making and adjudicative powers over private individuals are listed in Attorney General's Committee on Administrative Procedure, *Administrative Procedure in Government Agencies*, p. 261 *ff.*, 77th Cong., 1st Sess., Senate Doc. No. 8, 1941.

[5] An interesting feature in the evolution of the independent commission is that the earliest important commissions—those concerned with railroad regulation—were regarded as arms of the legislative body to investigate and recommend rate-fixing measures. Part of the reason for the adoption of procedures more like those of courts than like those of legislative committees was probably the early domination of the Interstate Commerce Commission by Judge Thomas M. Cooley, and the initial appointment of no one but lawyers to that commission. Board of Investigation and Research, *Report on Practices and Procedures of Governmental Control*, p. 59 *ff.*, 78th Cong., 2d. Sess., House Doc. No. 678, 1944.

makes the ultimate decision, it cannot as such take all the evidence necessary for a sound decision, and instead relies on the legislative committee as its agent, to assemble the data and recommend appropriate legislation; and (5) it has an awareness that at public hearings everyone may be represented except the public, and that in order to guard resulting legislation from being swayed too much by the particular witnesses and the most vociferous special interests, the committee members must themselves keep the public interest constantly in mind in thinking through their policy recommendations.

In legislative committees—as in courts, executive agencies, and independent commissions—the extent to which particular methods serve as media for arriving at sound decisions depends more upon the men seeking the facts and making the decisions than upon mechanical rules of procedure. Nonetheless, it is apparent that a regulatory agency that followed the model of the legislative committee would conduct itself differently from one that thought of itself as an expert court for the impartial adjudication of controversies brought before it by aggrieved parties.

Judicial Control. This brings us to the vital problem of procedures. One startling aspect of the problem deserves special emphasis. Although the courts have been very much concerned about the procedures followed in reaching administrative decisions bearing on specific individuals or corporations—that is, court-like decisions—they have shown little interest in the question of safeguarding procedures in the formation of general regulatory policy through rules and regulations. True, the courts insist that legislative bodies must not completely abdicate. They must canalize and set bounds to the discretionary powers delegated to each regulatory agency. But that hurdle past, the agency has been left relatively free by the courts to arrive at its general rules and regulations by any procedure it deems wise.

Considerations of sound public policy often dictate a democratic consultation of affected interests before a general regulation is issued. State labor departments usually establish panels or committees drawn from labor unions and management to help in drafting industrial safety codes. The United States Department of Agriculture has developed an elaborate system of county committees of farmers with whom questions of departmental policy can be discussed. Wartime agencies, particularly the War Production Board and the Office of Price Administration, used both industry advisory committees and labor advisory committees, which were consulted in connection with the drafting of hundreds of industry-regulating orders. Although in practice the formulation of rules and regulations is no haphazard dicta-

tion by uninformed bureaucrats, the courts cannot claim credit for this fact.[6] Their control over the rule-making power stems from the same roots as their control over the power of legislatures. That is to say, the courts have reviewed the substance of rules and regulations as they have that of laws, while largely leaving the procedures involved in rule-making to the discretion of the administrative agency. Rules and regulations have been held invalid when their provisions appeared to the courts either to exceed the grant of power made by the legislature or to be unreasonable in terms of a departure from accepted canons of fairness.

We have been talking about rules and regulations of rather broad coverage—usually a whole industry or a large segment of an industry. The courts have whittled down procedural freedom in rule-making, however, by insisting that where a rule, a regulation, or an order was to be quite specific in its application—where it would, for example, fix rates to be charged by individual utilities—something like court procedures would be necessary. Here, curiously, the courts admit that rate-fixing is a legislative, not a judicial function; but nonetheless they insist that the procedures in rate-fixing be of a judicial character.[7]

Basically this means that such rate-determination must be preceded by notice to the affected parties and opportunities for them to be heard. With this principle established, the main dispute has been over the character of the hearing that is required The courts, while always granting that their own rigid procedures need not be followed, have at times imposed procedural straitjackets on regulatory departments and commissions. As a result these had to abandon many practices that seemed perfectly legitimate by analogy with administrative agencies and legislative committees, especially if we recall that legislatures may directly fix rates without court-like procedures. According to one decision,[8] a full hearing involves the right to introduce evidence, to know all the evidence that is to be considered by the regulatory officials in fixing the rates, to have opportunity to refute that evidence—including the right to cross-examine witnesses—and to have the final decision supported by substantial evidence.

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[6] Some statutes required notice and hearing prior to issuance of general rules and regulations, but generally this was not the case The Walter Logan bill, which on the eve of our entry into World War II nearly became law, included a provision that 'all administrative rules shall be issued by the head of the agency and by each independent agency after publication of notice and public hearings Only rules governing hearing procedure itself were to be exempted from this blanket requirement The proposal was not favored by the Attorney General's Committee on Administrative Procedure See Duane, Morris, Mandatory Hearings in the Rule Making Process,' *Annals of the American Academy of Political and Social Science*, 1942, Vol 221, pp 115 122 The Administrative Procedure Act of 1946 represents another attempt at defining general requirements For a discussion of the main features of this law, see below Ch 23, 'The Judicial Test'

[7] See Hart, James, *An Introduction to Administrative Law*, p 265, New York Crofts, 1940

[8] Interstate Commerce Commission v Louisville & Nashville Railroad Company, 227 U S 88 (1913)

Even where a hearing is initiated with the declared purpose of inquiring into a particular company's rates, it has been held inadequate unless the agency provides notice of the specific rates it proposes to promulgate, and enables rebuttal of its proposal.[9] Fortunately, the courts have not insisted that commissions and executive departments take over wholesale the elaborate rules of evidence that are the lawyer's stock in trade. We can say "fortunately," having noted the Interstate Commerce Commission's statement forty years ago that probably "not a single case arising before the Commission could be properly decided if the complainant, the railroad, or the Commission were bound by the rules of evidence applying to the introduction of testimony in courts."[10]

Of course, there are cases of regulation where the objective is similar to that of the courts—a specific decision in a case between two private parties, such as a worker and his employer, or between a government agency and a private party. In such cases, the general principles of procedure applicable to conduct of court business are pertinent, though softened by noninsistence upon rigorous observance of the rules of evidence. Again, notice and hearing are the basic requirements.

Courts can only set the formal outer bounds of regulatory procedure. Eclipsing the importance of any such judicial strictures upon regulatory agencies are the caliber of men given regulatory responsibility and the depth of their understanding of the relation of government to individual citizens and enterprises in a democracy. What is required is a positive desire for achievement of the public interest. However, this desire must have much more balance than the witch-hunting mood of aggressive public prosecutors. Coincident with a positive desire for achieving the public interest must be an understanding of the need for avoiding government by decree without advance consultation with affected interests and opportunity for all relevant facts to be considered. Yet such understanding must not lull the regulatory official into an overemphasis on individual rights to the point where the rights and interests of the general public are overlooked. The task of devising regulatory procedures that satisfy both public and private interests and are well adapted to particular functions is a challenge to legislatures, courts, and, above all, the regulatory agencies themselves. This was clearly recognized by the Attorney General's Committee on Administrative Procedure.

Proposals of Attorney General's Committee on Administrative Procedure. The most important inquiry into regulatory procedures in recent years was that of the Attorney General's Committee, which submitted its report early in 1941. The committee's more significant recommendations were embodied

[9] Morgan v. United States, 304 U. S. 1 (1938). See also Morgan v. United States, 298 U. S. 468 (1936), where the Supreme Court insisted that the Secretary of Agriculture personally had to consider and appraise the voluminous evidence in a case under the Packers and Stockyards Act before fixing rates, since the act vested the rate-fixing authority in him.

[10] Interstate Commerce Commission, Annual Report for 1908, p. 10.

in a bill, proposed for consideration by Congress. We may group them under four headings. First with respect to rule-making, the bill would require extensive publication of policies, interpretations, rules, regulations, and procedures; annual reporting to Congress on rules issued by the agency and rules proposed by private citizens; and designation by each agency of some unit or official to be responsible for keeping rules up-to-date and for receiving suggestions from the public. The bill would also stipulate a delay of forty-five days between the promulgation of an order and the date it becomes effective, subject to waiver by the order-issuing agency. Second, with respect to centralized governmental responsibility for regulatory procedures, the bill would create an Office of Federal Administrative Procedure, the director of which would investigate any and all aspects of regulatory procedure, submit his recommendations to Congress and the individual agencies, and appoint hearing commissioners to serve in most regulatory agencies. Third, the bill's major provision for administrative adjudication calls for the holding of all initial hearings by these hearings commissioners, except where agency heads themselves can hold all hearings. Decisions of the hearing commissioners in the cases they heard would be final, unless appealed to the agency heads. And fourth, to reduce uncertainty as to whether proposed private actions would be permitted by a regulatory agency, the bill would authorize the issuance of declaratory rulings. Although issued before alleged violation has occurred, these rulings would have the same binding effect as an agency decision in an ordinary case. It is not too much to say that the work of the Attorney General's Committee has had a very beneficial effect on the character and the tenor of the Administrative Procedure Act of 1946.[11]

Worth noting is the committee's sympathetic understanding and encouragement of informal methods of adjudication. The committee observes, ". . . even where formal proceedings are fully available, informal procedures constitute the vast bulk of administrative adjudication and are truly the lifeblood of the administrative process."[12] However, without detracting from the utility of extensive reliance on informal procedure in appropriate cases, two facts should be underscored. In the first place, adoption of informal procedures, involving bargaining with private interests in order to arrive at a mutually acceptable course of action, is often resorted to by regulatory agencies to avoid the cumbersome quasi-judicial procedure imposed on them by courts, to get prompter compliance by the regulated interests instead of the delays entailed in a judicial review of a formal regulatory decision, and to by-pass the danger of having the decision overturned by the courts. In the second place, cases settled by informal procedure, because of their infinitely greater volume than that of formal cases, may sacrifice the public

[11] For the committee's bill, see *op. cit.* above in note 4, pp. 191-202. On the Administrative Procedure Act of 1946, see below Ch. 23, "The Judicial Test."

[12] *Op. cit.* above in note 4, p. 35.

interest and private rights, while on the other hand lawyers and courts are insisting that formal cases be settled with the elaborate paraphernalia of the courtroom. This, of course, is not to condemn informal procedure. It does, however, suggest the perils in treating regulatory procedure as something concerned with cases of the type that appear on a law court's docket, rather than as something concerned with, for example, the hundreds of thousands of items of business that are handled annually by the Interstate Commerce Commission, mainly through its subordinate officials.

The problem of regulatory procedures will never cease to be perplexing, for it consists essentially of the delicate task of achieving a balance between public policy and private rights, between form and substance, and between men and procedures. The problem is complicated by the fact that this balance is not the same for each regulatory function. Procedures must be adapted to the particular tasks assigned to regulatory agencies by the legislative body.

3. The Record of Independence

Regulation by Independent Commissions and Executive Departments. In the federal government the number of independent regulatory establishments has never been large. Their significance results rather from the importance of the economic areas over which they have jurisdiction than from their number. There are only nine so-called independent regulatory commissions or boards: the Interstate Commerce Commission, the Board of Governors of the Federal Reserve System, the Federal Trade Commission, the Federal Communications Commission, the Federal Power Commission, the Securities and Exchange Commission, the National Labor Relations Board, the United States Maritime Commission, and the Civil Aeronautics Board. These bodies in the aggregate have vast powers over transportation by rail, bus, pipeline, ocean, and air; communication by telephone, telegraph, and radio; the "rules of the game" by which trade and commerce are kept fair and competitive; the supply of electric power across state lines at reasonable rates; the supply of money and credit, the issuance of stocks and bonds, and the operations of stock exchanges; and the maintenance of collective bargaining unfettered by unfair practices on the part of employers.

These boards and commissions have five members each, with the exceptions of the Federal Reserve System and the Federal Communications Commission, each of which has seven members, and the Interstate Commerce Commission, with the unwieldy number of eleven. Through staggered terms of five, six, or seven years—excepting the Board of Governors of the Federal Reserve System, whose members serve for 14 years—and bipartisan membership—not required for this board or the National Labor Relations Board—these establishments are intended to be independent of any particular chief executive. Although the President may remove members of

most of them only for inefficiency, neglect of duty, or malfeasance in office, he presumably has a free hand on removals of members of the Federal Power Commission, Securities and Exchange Commission, and Federal Communications Commission, for the statutes set up no bars to his freedom of action in these cases. In most instances the President designates the commission chairman. However, in the important cases of the Interstate Commerce Commission, Federal Trade Commission, and Federal Power Commission the membership itself selects one of its number as chairman.[13]

It is important to note that regular executive departments exercise regulatory powers of a character not unlike that entrusted to the independent commissions. As Professor Robert E. Cushman points out, "Congress has followed no consistent principle in assigning regulatory functions to independent agencies rather than to other units in the national government. There seems to be nothing about the regulatory job which makes it imperative that it be handled by the same kind of administrative body."[14] The Department of Agriculture with its regulation of packers and stockyards as well as commodity exchanges, and in all some forty regulatory statutes, is an outstanding example in this respect. The Departments of Commerce, Interior, Labor, and the Federal Security Agency with its Food and Drug Administration also control important economic activities.[15]

During World War II, vast regulatory authority was entrusted to single-headed agencies such as the Office of Price Administration, War Production Board, War Manpower Commission, Petroleum Administration for War, Solid Fuels Administration, War Food Administration, and Office of Defense Transportation. It may be added that in performance, both the independent commissions and the single-headed agencies have shown successes and failures.

Clientele Departments and Directive Power. Among the single-headed departments, two problems have been paramount One has been the special-interest taint of the three departments that would be the most likely single-headed agencies for exercise of regulatory powers the Department of Commerce, the businessman's friend; the Department of Labor, the

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[13] See Cushman, Robert E, *The Independent Regulatory Commissions,* p 760 *ff*, New York Oxford University Press, 1941

[14] *Ibid*, p 10

[15] The Brookings Institution has suggested that the executive departments regulate and control business through an exercise of what is virtually the "police power," in the interests of public health, safety, and the prevention of fraud Here the only factors involved are a fixed rule of law, a charge that the law has been broken, and a decision The work of independent commissions, on the other hand, is distinguishable because it involves questions of public policy on large economic problems, questions of complicated economic relationships, and problems of public management For this point, see Senate Select Committee to Investigate the Executive Agencies of the Government, Report No 10 of the Brookings Institution, *Government Activities in the Regulation of Private Business Enterprise,* p 61 *ff*, 75th Cong, Ist Sess, 1937 See also Benson George C S, "Administrative Regulation within Federal Departments," *Annals of the American Academy of Political and Social Science,* 1942, Vol 221, pp 64-71

worker's—especially the union's—friend; and the Department of Agriculture, the farmer's friend. Thus a problem arises whenever, for example, there is need for regulation of both employers and workers to assure collective bargaining, prevent unfair labor practices, facilitate the settlement of labor disputes, or control wages and hours. Should such functions be assigned to the Department of Labor, or would that interfere—or, what is equally important, give grounds for suspicion of interference—with fair treatment of the employers' interests?

The second problem about single-headed departments has been the extent to which particular kinds of regulatory work may be slighted because of the influence of the department head or the President. The Justice Department, for instance, having limited funds and staff like any other agency, must choose where it wishes to concentrate these resources. Sometimes, especially under a conservative administration, prosecutions for violation of antitrust laws may be relatively infrequent. Under a different kind of administration, and without any change in the law, the Justice Department may launch a full-scale crusade against monopolies. One of the principal justifications for the independent commissions is the argument that, because of their staggered-term arrangement and relative freedom from executive domination, they have greater continuity of policy than executive departments.

Struggle for Control Over Independent Commissions. In the federal government there has been a continuing struggle for power over the independent commissions and boards. The protagonists have been the President, Congress, the courts, the regulated interests, and the regulatory agencies themselves. Congress is most powerful when a commission is being created or when bills are before Congress for increasing or decreasing the responsibilities of particular commissions. Congress may see a need under various conditions for assigning functions to an independent commission having theoretically closer ties to the legislature than to the President. Such conditions are given when: (a) Congress wants to set up a function on an experimental basis, with the intention of passing a more precisely worded statute after the commission has felt its way into the problem and developed the experience out of which such a statute can be drafted; (b) Congress intends to organize a function that is largely investigational and designed to lead to recommendations for legislation remedying the economic maladjustments the agency uncovers—much as a legislative investigating committee might work; (c) Congress is defining a function so vaguely and mixing various kinds of responsibilities in such a way that the agency will exercise powers of legislative and judicial character as well as of an executive character; it is, therefore concluded that under the doctrine of the separation of powers, the function should not be vested in any of the three branches of the government; (d) Congress is disinclined to enhance the power of the executive branch simply because

this detracts from the prestige and strength of Congress; (e) Congress is distrustful of the particular President or department heads in office because the administration is guided by a political party, faction, or philosophy different from that of Congress; (f) Congress cannot find an executive department in which the new function would readily fit; and (g) Congress is under considerable pressure to afford representation in the administration of a regulatory statute to more than one region, industry, or party.

On occasion, when Congress and the executive branch are under the same political control, they may jointly advocate creating an independent commission to handle a new and important regulatory power. The reason might simply be that under such an arrangement the President can name all the members of the new commission. Because of the long, though staggered terms of commissioners, he can thus perpetuate his party's control of the particular function into and possibly through the next presidential term.

The President is, of course, the protagonist most frustrated by his lack of control over the execution of some of the most important statutes that Congress ever passed. Every president for about the past forty years has sought to control one or more of the independent commissions.[16] By his appointments and removals; his close relations with the chairmen of some of the commissions; his ability to mobilize public opinion; his budgeting authority; and much of the time his standing with Congress—by all these means the President, whoever he may be, has been able repeatedly either to influence commissions directly or to put them on the defensive in a public battle in which he has certain advantages. Nevertheless, the commissions retain imposing powers of resistance to presidential direction.

Humphrey Case. The most conspicuous instance of a presidential attempt to control an important commission resulted in judicial support for the congressional doctrine of independence of regulatory commissions. The Federal Trade Commission, created in 1914 under the Wilson Administration, had been given important powers to attack unfair methods of competition and unlawful trade practices and to investigate business misconduct. Before it was four years old this commission had shown that it interpreted its mandate literally, and intended to carry it out in a vigorous manner. Its attitude, particularly evidenced by the commission's blistering attack on the monopolistic practices of the meat-packing industry, aroused the bitter resentment of much of the business world.[17] It is not surprising that under the more conservative administrations of Presidents Harding,

[16] Cushman, *op. cit.* above in note 13, p. 681 *ff.*

[17] As a result of the packing industry's hostility to the Federal Trade Commission, administration of the Packers and Stockyards Act of 1921 was assigned by Congress to the Secretary of Agriculture, an action that met with the packing industry's favor because it preferred even a farmer's and rancher's friend to the shrewd, aggressive commission that had so effectively exposed the practices of the industry.

Coolidge, and Hoover, a conscious effort was made to put men on the Federal Trade Commission who would have less crusading zeal and who, to a considerable extent, would exercise the commission's powers at something less than their maximum extent.[18] William E. Humphrey, appointed to the commission by President Coolidge in 1925, dominated it between 1925 and 1933 because on most important issues he could count on the votes of the other two Republican commissioners. Now collusion with, rather than control of, trusts and monopolies by the Federal Trade Commission was talked about on the floor of the House of Representatives.

Shortly after Franklin D. Roosevelt was inaugurated, he asked Commissioner Humphrey to resign, pointing out that Humphrey's policy was not in harmony with the President's policy on the work of the Federal Trade Commission. On the Commissioner's refusal, the President removed him. Eventually, the Humphrey case reached the Supreme Court. Humphrey's position had rested on the Federal Trade Commission Act, which provided for presidential removal of commissioners "for inefficiency, neglect of duty, or malfeasance in office." The chief executive, the argument went, had violated this act in removing Humphrey not for any of these reasons, but for incompatibility with the President's views on policy matters. The President, on the other hand, relied on the Supreme Court's earlier decision and opinion in Myers v. United States,[19] in which it was held that Congress could not constitutionally restrict the power to remove any executive official—in this case, a postmaster—whom the President had appointed either alone or with the advice and consent of the Senate.[20]

This was declared to follow logically from a consideration of the President's constitutional possession of the executive power, the power of appointment, and the responsibility for taking care that the laws be faithfully executed. And in a dictum the majority of the Supreme Court, led by Chief Justice Taft, clearly indicated that the President has an unfettered right under the Constitution to remove members of quasi-legislative and quasi-judicial bodies. However, in the Humphrey case the Supreme Court abandoned this dictum. It held instead that where there is a body exercising primarily quasi-legislative and quasi-judicial duties and only incidentally administrative or executive functions, such as the Federal Trade Commission, Congress may by statute specify the causes for which members can be removed by the President. In a case like this, the statute is binding

[18] It is notable that in this same period the Antitrust Division of the Department of Justice showed none of the enthusiasm for its work apparent in the Wilson and Franklin D. Roosevelt Administrations, and that the Supreme Court, dominated by conservative justices, subjected the Federal Trade Commission to a rigorous doctrine of judicial review of commission decisions.

[19] 272 U. S. 52 (1926).

[20] The specific attempt to restrict the President's removal power consisted of congressional insistence that the President obtain the consent of the Senate before removing incumbents of certain executive offices, such as postmasterships, to which the appointment had been by the President with the advice and consent of the Senate.

on the President, and he cannot remove for causes not specified in the statute. The Humphrey case in effect recognized a fourth branch of government, consisting of the independent commissions. A commission such as the Federal Trade Commission is "wholly disconnected from the executive department" and is instead "an agency of the legislative and judicial departments."[21]

Experience in the States. In the states certain factors have given the problem of independent commissions a different setting than in the federal government.[22] Generally the legislature meets more infrequently—for instance, meeting only once every two years. Thus it is more difficult for the apologist for independent commissions to argue that, though independent of the executive, they are given effective supervision and coordination by the legislative branch. In the second place, the general atmosphere of many state governments is more definitely political, with emphasis on patronage, favoritism, and subservience to pressure groups. In states where this atmosphere exists—and it does not exist in all—the departments responsible to the governor, those responsible directly to the people, and the independent commissions are all affected. The agencies that come nearest to escaping this atmosphere are those with professionalized staffs, such as the state health department, the state welfare department, and the state university.

Such service agencies with professional staffs are likely to have a tradition of both integrity and skill. They also are backed by public opinion or organized blocs of opinion in resistance to political pressures. In addition, they have largely administrative rather than policy decisions to make. In contrast, the heart of economic regulation is policy, and the people are ill-served if they have no effective way to bring sanctions against the regulatory commissions, which seem to float in mid-air, unanswerable directly to either of the two political branches of government, executive and legislative. These factors suggest that the people would be better advised to let service agencies, rather than regulatory bodies, have a high degree of independence

Both the degree of political favoritism running through the conduct of public affairs in some states and a general fear of strengthening the office of governor when experience reveals the possibility that a charlatan may be elected to the post, result often in a general desire for the independence of all agencies—service and regulatory—that have important work to do. While this has an appealing appearance of "facing the realities," it leaves the governor with little responsibility, removes administration of a large number of governmental policies from effective public control, and in some cases causes a relative increase in the control of agencies by special-interest groups No one is left to call regulatory officials on the carpet promptly

[21] Humphrey's Executor v United States, 295 U S. 602 (1935).

[22] See Fesler, James W., *The Independence of State Regulatory Agencies*, Chicago Public Administration Service, 1942

if they are neglecting the public interest. The spur to action is gone, for the public itself is not overly vigilant about the day-to-day acts of regulatory agencies. On the other hand, the special interest groups are likely to be well organized in their efforts to soften the rigors of regulation.

In the experience of the states there is no ready-made solution to the problem of the independent regulatory bodies. The nearest to a solution we can come is to adopt the firm position that policy-making agencies must be controlled by the people through their political instruments, the legislature and governor. Since the legislature meets infrequently, and is in any event ill-equipped to provide real supervision and coördination of the regulatory agencies, the governor must be the principal instrument of popular control. That he is a politician, sometimes even a demagogue or a tool of special interests, cannot be denied. Nor can it be denied that regulatory officials may have the same defects, for politicians are often elected or appointed to these positions. Certainly, however, if "democratic government" has any meaning at all, it is that policy must be decided or controlled by the people. To set the regulatory agencies free of this control is to insulate important areas of economic policy against effective popular governance.

Much more important than any mechanical changes, though, would be a general improvement of the "tone" of state government. This would bring better men to the legislature and to the governor's office. Such a change in turn would bring good men to the regulatory agencies.

4. The Price of Independence

Popular Illusions. The idea of independent regulatory agencies has an appeal to citizens who think of politics as something unclean, of legislators as controlled puppets, and of chief executives and their department heads as spoilsmen intent primarily on perpetuating themselves in power. On the other hand, the same citizens are likely to respect the courts and to regard judges as wise and well-balanced men with an unusual capacity for discovering the "right" solution to any problem of law, fact, or policy. However, even a casual look at legislatures, courts, and executive departments should reveal the extent to which men and women in the course of their public careers serve in two and often three of the branches of government. It should also make evident the injustice of characterizing in blanket fashion as incompetent and corrupt the officials in any of the three branches of government.

The relevance of this consideration to our topic lies in the tendency of many citizens to support independent commissions as a means of bringing judge-like wisdom, balance, and insight into the process of regulation of business and industry. Such an approach ignores two basic facts. One is that those appointed or elected to the independent commissions are often the same men who before or after their term on the commission have served

or will serve as state legislators, governors, members of Congress, or executive officials. Some may also be defeated candidates for political office, or men thought of primarily for past or potential favors to the political party. The second fact ignored by commission enthusiasts is the very great danger in any doctrine that pretends that we can preserve democracy and still vest economic powers in a governmental agency that is not clearly subject to officials who in turn are responsible to the people. The proposition is simply that policy is the very thing to be kept under effective popular control if democracy is to survive. And many regulatory commissions make more important policies, by both action and inaction, than do ordinary departments. Almost by definition, a regulatory commission is set up to establish policies that the legislative body has not been able to determine in any specific way.

Need for Policy Coördination. This emphasis on policy as the focal problem of popular control of governmental regulation leads to another main consideration. It is the need for coördination of the policies that are being adopted and executed by the scores of agencies—executive and independent—in any government, on the state or federal level. Clearly, the citizenry has a right to demand that someone prevent its government's right hand from undoing what its left hand has been trying to do. The very size of federal and state administration makes perfect coördination impossible. However, the existence of commissions with great regulatory powers claiming virtual independence of the chief executive seriously handicaps attempts to approximate even a rough-hewn sort of coördination.

Let us suppose a railroad situation in which the problem involves rates, a violation of the antitrust laws, a labor dispute, competition by river boats and barges, an anti-inflation policy, and a loan from the Reconstruction Finance Corporation. The railroad would be at the mercy of almost as many agencies as there are specific parts to the problem. If the problem had sufficient importance to rise to the President's level, he could himself or through an aide get the executive agencies together and insist upon a sensibly articulated set of policies for meeting the situation. The Interstate Commerce Commission, however, with its control over rates as part of our hypothetical puzzle, could stay away from the conference. Or, if in attendance, it could decline to "go along" with the other agencies on a solution.

Lethargy of Independence. Problems of this character are not fanciful. An illustration is the President's inability to stir the Interstate Commerce Commission out of apparent lethargy on the vital policy problem of southern and western freight rates. He deliberately appointed a southern expert on the subject as a commissioner. He underlined the importance of Tennessee Valley Authority freight-rate studies by special messages to Congress on the subject, with a sidelong glance at the commission. And his Attorney General sued the western railroads for violation of the antitrust laws. All that did not move the mountain. Finally the state of Georgia

brought the issue to the Supreme Court on the charge that the railroads had conspired to discriminate in their rates against the South. By implication, the Interstate Commerce Commission was accused as an accessory to the alleged crime. In May, 1944, shortly after the Supreme Court took jurisdiction of the case, the commission roused itself to issue a decision favoring both the South and the West, but still not meeting the full issue head-on.

Here was an instance where a great policy issue fell within the jurisdiction of an independent commission. The President was apparently powerless to prod the commission to action. The Supreme Court finally assumed jurisdiction over this policy issue on the basis of an antitrust suit brought by a state. Only then did the commission announce a decision, the timing of which suggested an attempt to beat the Supreme Court to the draw.

Pressure for Reform. Such intransigence or even the clashing of government agencies without ready means of settling their disputes may be charitably tolerated during periods when government is relatively inactive and disposed to let business enterprises "have their head." However, when government's function is conceived as positive in character, as a conscious guidance of economic forces to achieve maximum production for wartime needs or full employment in times of peace, the people and the business community itself insist that there be a consistency among governmental policies and among the actions of governmental agencies in executing those policies.

This does not mean dictatorship; far from it. It does mean an organization such as any well-run business enterprise would insist on—subordination to a president or general manager of virtually all functions that the board of directors does not itself perform. The president-manager can then be held responsible for seeing that the gears of the enterprise mesh rather than clash. Only thus will all parts of the company pull together instead of pulling in opposite directions, with the company remaining on "dead center."

Over the long run of the years ahead it seems very doubtful that the people will return to a negative concept of government's role in the economy. It is therefore hardly conceivable that they will long tolerate an arrangement whereby the most important instruments for guidance of the economy are independent commissions without close ties linking them to one another and to either the legislature or the executive.

Lack of Stimulation. For independent commissions, whatever their advantages, the people pay a dear price in a number of ways. Many a regulatory commission is notably lacking in the vigor essential to advancing toward the goals the legislative and executive branches had in mind in adopting the basic statutes. As a recent federal board investigating the commission method of regulation observed, "A regulatory statute may be both wise and practicable, and yet be totally ineffective for the simple reason

that the agency takes no decisive action under it. . . . An agency, in fact, possesses through this means a not inconsiderable power to thwart the legislative purpose. . . . An inactive agency will not lack apologists in any event; the difficulty is to find persons or groups able and in a position to apply a spur."[23]

In the states as well, many a utility commission, workmen's compensation and industrial safety board, banking and insurance board, and professional licensing board shows little evidence of a determined effort to define and achieve the public interest. Public utilities commissions, for example, most of them created because the people wanted forceful regulation of the intrenched railroad and electric power companies, have all too generally taken a negative attitude toward exercise of their power.

The causes of such reluctance to act vigorously on behalf of the public are several. The most important are three: (a) general inertia, which can be indulged when there are no incentives to action and when action is bound to make enemies; (b) overemphasis on the judicial approach, springing in part from the belief that commissions were made independent so that they could have much the same character and procedure as courts, and in part from the insistence of courts that due process of law requires court-like procedures in regulation; and (c) excessive exposure to the views and influence of the regulated interests, without compensating exposure to governmental and private views expressive of the public interest. While these features of unaggressive regulation are most common at the state level, they are discernible as well in such respected federal agencies as the Interstate Commerce Commission.[24]

5. Organizational Alternatives

To fit the independent regulatory commissions into the broad pattern of American government, several alternatives have been advanced. These alternatives are: (a) to integrate the commissions into the executive branch by clearly subordinating them to the chief executive; (b) to strengthen legislative control of the commissions; (c) to strengthen judicial review of the activities of independent commissions; and (d) to segregate the legislative, administrative, and judicial phases of each commission's work, so that each phase of work can be appropriately performed. The first three alternatives assume that commissions should be assigned to one of the main branches of government instead of remaining an unrecognized and headless fourth branch of government. The last alternative assumes that since

[23] Board of Investigation and Research, *op. cit.* above in note 5, pp. 16-17.

[24] For example, proposals to give the Interstate Commerce Commission jurisdiction over all forms of transportation, including air transport, have been rejected on the ground that the commission is too "railroad-minded," and could not take a broad enough view of the public interest in development of competitive methods of transportation. Congress did write the fundamentals of a general transportation policy into the Transportation Act of 1940, but it is an entirely different matter to expect an effective application of these fundamentals.

commissions perform a mixture of powers it would be unsound to subordinate the commissions to any one branch of government; however, individual powers might be so subordinated or at least be exercised by distinct units of each commission.

Executive Control. Integration under the chief executive's firm control would facilitate coördination of policy and administration both among the commissions themselves and with the executive agencies. However, it would place the commissions in danger of more frequent shifts of policy resulting in proportionate instability for the business world. It would also clearly associate the commissions with whatever standards of political morality were observed by the chief executive—necessarily a political man. Most important, it would place quasi-judicial functions requiring impartiality under the influence of the policy-minded chief executive.

To some students, on the other hand, it is a fundamental error to regard the chief executive as a key formulator of policy, since constitutional emphasis is upon his executive functions—that is, the execution of policies which are laid down by the policy-formulating branch of government, the legislative body. Under this view, the only advantage in integrating the commissions under the chief executive would be coördination of administration; the disadvantage would be exposure of commission policy to executive pressure.

Legislative Control. If emphasis is placed upon the need for keeping the regulatory commissions from exercising a free and unguided hand on policy matters, and if the executive is ruled out as a key formulator of policy, the clear remedy is a strengthening of legislative oversight of the work of the commissions. Many advocates of integration under the chief executive would warmly embrace this legislative alternative if it offered any possibility of success. However, experience to date has not revealed that our legislative bodies are equipped to give the commissions the required degree of supervision.

Clearly, state legislatures meeting for a few months each year or biennium are not organized for continuing superintendence of regulatory work. Congress is in a more favorable position. Nonetheless, after the most careful appraisal of past experience and future prospects for congressional control, Professor Cushman concludes that "Congress is likely to content itself with doing nothing for the most part in its dealings with the commissions, and with resorting to some form of drastic action when something approaching a scandal crops up in connection with a commission."[25]

Recently we have seen evidence of a serious intention to strengthen the organization and procedure of Congress. Success of these efforts is to be hoped for, but it is unlikely that even after such improvement Congress will supervise the independent regulatory commissions with any greater

[25] Cushman, *op. cit.* above in note 13, p. 678.

effectiveness than it has shown in its relations with executive agencies having regulatory functions.

Judicial Control. Increased judicial control of regulatory commissions would contribute little or nothing to the coördination of policy and administration. It could both assure faithful observance of judicial procedure by the commissions and subject their decisions to the risk of being overruled if they failed to coincide with the legal and value judgments of the courts. On the procedural side, extension of judicial restrictions would mean a further formalization of commission procedure. On the substantive side, more thorough judicial review would call in each case for independent judicial reappraisal of the facts upon which the commission had based its decision.

Although in some states there is still need for a tightening up of regulatory procedures to make sure that private rights receive due consideration, in the federal government the need is much less obvious. While the American Bar Association has pressed for severe legislative restrictions on regulatory methods, the Attorney General's Committee on Administrative Procedure has looked in both directions at once. On the one hand, it has urged a centrally appointed group of impartial hearing commissioners; on the other, it has rejected more extreme measures, such as a uniform code of regulatory procedure and the abandonment of the informality of procedure now followed in the great majority of cases. In 1944, a report on the practices and procedures of the Interstate Commerce Commission cautioned that "the ways of the courts, if emulated too faithfully, can inhibit the Commission in the effective performance of its duties. The judicial influence is by no means an unmixed blessing."[26] There is a measure of caution in this respect in the Administrative Procedure Act of 1946.

For the courts to review not only the legal questions in a regulatory decision but also the weight of the evidence would reduce the prestige of regulatory bodies. It would supplant their presumably expert judgment of the facts of a case with the inexpert judgment of members of the judiciary. In practice the doctrines of court review have a certain flexibility. This the judges take advantage of in order to review more fully decisions of regulatory bodies in which they lack confidence, while letting decisions of those having been found to possess integrity, expertness, and formal court-like procedures escape severe judicial scrutiny. Furthermore, court attitude toward judicial review of decisions of regulatory agencies fluctuates to some extent with the variations in dominance of the courts by conservative and progressive judges. The former extend judicial review to both quasi-legislative and

[26] Board of Investigation and Research, *op. cit.* above in note 5, p. 68. The Board devoted a special section to the problem of reluctance of Interstate Commerce Commission personnel to take official notice of even noncontroversial legal and economic facts not put in the record by the parties to a hearing; it noted that in some instances Commission personnel even hold it improper to rely on earlier Commission decisions unless they are introduced as evidence at the hearing—a view that is contrary even to court practice.

administrative actions. The latter tend to contract the extent of judicial review on the grounds that the courts should not substitute their judgment for that of coördinate branches of government, save on clearly legal questions.[27]

Segregation of Powers of Independent Commissions. In effect, regulatory commissions have lines of responsibility running to all three branches of government, as indeed have executive departments as well. The commissions are responsible to the courts for staying within their statutory powers, for following the lead of the courts in ruling on questions of law, and for applying a fair procedure in activities of a judicial character. The commissions are responsible to the legislative body for broad policies—responsibility enforced through its power to amend the basic statutes and to determine how much money each agency may spend. The responsibility of the commissions to the chief executive is the vaguest of the three and a matter of considerable dispute between him and the commissions. In two capacities the President appears to need greater control—in administrative management and in policy coördination. It can be seen easily that the independent commissions and the executive departments are scarcely distinguishable in the matter of judicial and legislative lines of responsibility. The principal distinction is in the clarity of executive supervision of executive departments, as contrasted with the fuzziness of the chief executive's relations to independent commissions.[28]

In view of the difficulty of clearly placing independent commissions under one of the three branches of government, and also because of certain sound objections to merging quasi-legislative, administrative, and quasi-judicial activities even within a commission, it has been proposed that somehow the several powers of each commission be segregated. The most fundamental complaint is that prosecuting and judging should not be in the same hands. Yet a commission may decide what the statute means, investigate and formally charge a person with an alleged violation, and make up its mind whether the evidence presented by itself and the charged person calls for a decision that there was or was not a violation. Actually, each major commission is as an institution composed of hundreds of officials and employees. It is therefore possible to argue either that segregation should be absolute in the sense that the commission should not be responsible for both prosecuting and adjudicative functions; or that the usual segregation of personnel into several units within the commission should suffice to keep the prosecutors distinct from those who do the judging, while at the same time common direction of both groups by the commis-

[27] For an excellent brief review of this general problem, see Pennock, Roland J., "Judicial Control of Administrative Decisions," *Annals of the American Academy of Political and Social Science*, 1942, Vol. 221, pp. 183-191.

[28] See Cushman, *op. cit.* above in note 13, p. 697 *ff.*

sion would provide a reasonably consistent pattern of regulation.[29]

In addition to the attempt to ensure impartiality in adjudication by commissions, there is another motive for segregation. This is the desire clearly to subordinate to the chief executive's control at least part of the work now done by the independent commissions. Of course, the primary argument against executive control of the commissions is that such control might destroy impartiality in the performance of judicial functions. The advocates of executive control therefore have hit upon the expedient of setting up, for each area now regulated by commissions, one body to hear and decide impartially disputes of a judicial character, and another to perform all responsibilities of a policy-formulating and administrative character—including the prosecution function—now vested in the commissions. This proposal gained particular prominence when advanced by the President's Committee on Administrative Management in 1937.

Proposals of President's Committee on Administrative Management. The President's Committee suggested experimentation with a segregation along specific lines. Each commission would retain its judicial functions under the present guarantees of independence. For purely administrative purposes, however, it would be attached to one of the executive departments. All of its functions not of a judicial character would be placed under the control of the department head. The arrangement would safeguard impartiality in the exercise of functions of a judicial nature. At the same time, it would bring under executive control those policy-formulating functions and management functions that properly fall within the President's area of responsibility. Moreover, by placing the prosecuting function under executive control, it would be separated clearly from the judicial function.[30]

This solution has not appealed to Congress[31] nor to the commissions themselves. The Attorney General's Committee on Administrative Procedure opposed such complete segregation on three grounds. One was that the consequence of multiplication of governmental units in identical fields was objectionable. The second was that two agency units in the same field would lead to friction, inconsistency of action, and a breakdown of responsibility. The third asserted that since such biases as do exist on the part of regulatory agencies "are mainly the product of many factors of mind and experience, and have comparatively little relation to the administrative machinery," complete severance of the judicial phases of regulatory work

[29] On this issue of total vs. internal segregation, see the Attorney General's Committee on Administrative Procedure, *op. cit.* above note 4, pp. 55-60, and 203-209.

[30] President's Committee on Administrative Management, *Report with Special Studies*, pp. 39-42, Washington: Government Printing Office, 1937.

[31] In delegating to the President authority to reorganize the executive branch, Congress in the Reorganization Act of 1939 specifically excepted the independent commissions from his authority. The Reorganization Act of 1945 generally followed this precedent.

from its other phases would not be warranted.[32] Consequently the Attorney General's Committee recommended internal segregation among each commission's personnel to keep distinct the judicial activity from the prosecuting, policy-formulating, and administrative work, primarily through centrally appointed hearing officers to perform most of the judicial tasks. This is the general line taken by the Administrative Procedure Act of 1946.

Arrangements like these fail, of course, to give the chief executive the desired control over nonjudicial activities of the commissions. Moreover, in the field of public utilities there has been a general feeling that legislative, executive, and judicial functions of each commission "are so intertwined . . . that attempts to separate and segregate them will be in all probability considerably more destructive than constructive."[33] At the state level the additional point is made that many state regulatory commissions have such small staffs —sometimes less than five or ten employees—that segregation is beyond practical consideration.

It is not likely that any mass reorganization of federal and state regulatory commissions will occur in the near future. However, though there is disagreement on the remedy, it is an important advance if the commissions have come under sufficiently close examination for citizens to recognize several fundamental factors. First, the quality of men and women appointed to the commissions is more important than the details of organization. Second, judicial work should be carried on in an impartial manner, free of the bias characteristic of the prosecution function. Third, coördination of policy formulation and administrative management among government agencies is essential, especially during periods when government plays a positive role in the economy. The chief executive appears to be the only responsible and effective focus for such coördination. And fourth, independent commissions should be subject to the same control by the legislative and judicial branches that applies to all other regulatory and service agencies of government.

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[32] Attorney General's Committee on Administrative Procedure, *op. cit.* above in note 4, pp. 55-60. Three members of the committee argued that internal segregation was not sufficient, and in effect endorsed the President's Committee's proposal. *Ibid.*, pp. 203-209.

[33] Board of Investigation and Research, *op. cit.* above in note 5, 124 *ff.*, referring specifically to the Interstate Commerce Commission. See also National Association of Railroad and Utilities Commissioners, *Report of the Committee on Progress in Public Utility Regulation*, 1938.

CHAPTER

11

Government Corporations

1. Central Controls and Managerial Freedom

Direction by the Chief Executive. A persistent, if not the predominant, problem in the design of governmental structure is the determination of the relationship of the agencies of administration to the organs of popular control—the elected chief executives and legislatures. The general trend in recent decades has been to restrict the independence of administrative departments by subjecting them to the direction of the chief executive. However, for the functions performed by independent regulatory boards and commissions the achievement of public purpose has been thought to require immunity from his control. The government corporation, in its status in the general institutional framework, represents still another type of organization. While it is usually subject to much more control by the chief executive and the legislature over its general policy than the independent commission, it enjoys far greater freedom than the ordinary department in the choice of means to achieve its objectives.

In the process of making administrative agencies accountable to the chief executive, ordinary departments have come to be hedged about by many limitations on their freedom of action. Some of these limitations on departmental autonomy concern the substance of what is being done. The chief executive wants to move in one direction rather than another. He desires to wait for a more propitious time before a department inaugurates a program. He prefers this program emphasis or that. Such controls of policy are essential to direction. They are the means by which the chief executive fulfills his broad political responsibility.

Overhead Control of Departmental Methods. The process of administrative consolidation has brought still another type of overhead control, which is directed primarily toward the means or methods of achieving substantive objectives. The department is not only told by higher authority what to do, but it is also bound by more or less detailed instructions on how to do the job. Budget, personnel, accounting, and legal officials on the government-

wide level make it their business to see that these instructions are formulated and followed.

Integration of the administrative structure makes possible more detailed and more effective control by the legislature. In the federal government, for instance, a well-prepared executive budget which presents information on which Congress can act is a foundation for congressional control. An effective central personnel agency strengthens Congress. For example, Congress can fix salary scales and the Civil Service Commission will see that they are followed. The Comptroller General, legally an agent of Congress, will see that legislation prescribing the manner of expenditure of funds is carried out to the letter.

Control Machinery in Action. The thoroughness with which legislative enactments can be applied throughout the vast administrative structure is marvelous and awesome. In a more primitive administrative era the rule books might be filled with regulations, but they would hamper no one as long as they could be ignored or not as the official saw fit. Modern administrative techniques alter the situation If Congress should abruptly decide that, beginning with the next fiscal year, no red-haired person was to be employed in the federal service, a complex and far-flung administrative process would be set in motion.

The Civil Service Commission would assemble the experts to advise it in the promulgation of regulations defining "red" hair. It would exclude all people within the definition from its future examinations. It would lay down rules for the departments. To make certain that the act of Congress was carried out, it might prescribe that no color-blind person could be a personnel officer. The Bureau of the Budget would inquire of the departments what steps were being taken to avoid the expenditure of funds for the prohibited purpose.

Each department head would issue stern orders to his personnel offices. Instructions including detailed procedures for the application of the law would flow to the bureau chiefs, the division chiefs, and the section chiefs. From Washington, these orders would go to the federal field establishments —the regional, state, and local offices. The regulation would find its way to outposts of the national government in Alaska, India, and Afghanistan. It would filter down the administrative hierarchy to the lowliest and most remote office. The Comptroller General would require an affidavit from each employee that he or she did not have red hair—probably accompanied by a photograph in color, attested to be a true likeness of the affiant by two disinterested persons! The Attorney General would be asked to rule on the applicability of the law to a completely bald person who once had red hair; and the holding of the Attorney General might be contrary to that of the Comptroller General.

The Federal Bureau of Investigation would put samples of hair through the laboratory to detect evidences of dye. The courts would be called upon

to decide whether the law applied to employees of state governments paid in part from federal grants The Department of State, for the good of the service, would seek from Congress an exception from the law for its locally hired employees in Eire. Congressional committees would be petitioned by discharged persons insisting that their hair was titian and not red as the Comptroller General had held and demanding special legislation authorizing their employment.

The example is fanciful but its essence could be duplicated a hundred times. Derived from such controls over methods are the cherished maxims of our political folklore to the effect that government departments are stifled by red tape, paralyzed by intricate procedures, hindered by adherence to precedent, and bound by absurd rules and regulations. Corollary beliefs are that departments are ill fitted to undertake functions requiring speedy action, rapid adaptation to new conditions, inventiveness, and the exercise of judgment unfettered by petty rules These notions abound most luxuriantly in newspaper editorials, campaign speeches, and kindred sources, and in some degree they possess an undeniable validity.

Central Control and Departmental Resourcefulness. A government department must follow elaborate procedures in estimating its future financial needs and in obtaining appropriations from Congress. It enjoys no assurance of continuity in its programs, for once a year it must seek funds from a Congress that is sometimes friendly and sometimes inexplicably capricious It must hire its employees subject to intricate procedures and regulations fixed by the Civil Service Commission In spending money it must take care lest it violate the voluminous jurisprudence on the subject as interpreted by the Comptroller General All these controls arise to meet demonstrated needs If some such controls were not in existence, they would have to be invented Yet there is a continuing necessity for adjusting their form to reconcile the demands of administrative integration with the conditions requisite for creative management

In part because of the controls applicable to the operations of ordinary departments and in part because of other reasons, the government corporation is commonly regarded as a means by which the body politic can conduct commercial activities under administrative arrangements approximating those of private enterprise. In a frequently quoted passage, British Laborite Herbert Morrison has argued for the use of the corporation in the management of publicly-owned commercial enterprise because such an undertaking "should be able with speed and decision to adapt itself to the changing needs of the modern world" Such characteristics are not without merit in the ordinary department, but they are indispensable in a commercial enterprise if it is to survive.

Changing Role of Government Corporations. A "pure" form of government corporation would be one in which government owned all or the majority of the stock of an incorporated enterprise Government, like a

private stockholder, would look to the managers for the efficient conduct of the enterprise and would measure performance by the volume of dividends and the state of the balance sheet. It would leave to the officers of the corporation the tasks of management the methods of personnel selection; the rules for purchasing supplies; the terms on which sales would be made; the disposition of revenues and profits; and so forth. For example, if the federal government should purchase fifty-one per cent of the stock of the American Telephone & Telegraph Company, it could receive its dividends, observe the general results of operation, and, if dissatisfied, use its majority stock control to replace the management In practice, however, governmental use of the corporate device for the conduct of pure commercial enterprise is exceptional. It is used largely for functions in the no man's land between ordinary governmental functions and commercial activities.[1]

Although the federal government has owned and operated corporations which approximated the "pure" type in their autonomy and in their form, government corporations have gradually lost most of the characteristics of the private corporation and have become more and more like ordinary administrative departments This trend toward the assimilation of corporations into the regular governmental pattern moved a step further with the passage of the Government Corporation Control Act of 1945. Even under that act, corporations retained a degree of autonomy not uniformly enjoyed by departments. The discussion which follows must of necessity be in considerable measure an historical analysis indicating the process by which government corporations reached the stage of development marked by this federal statute.

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[1] Of some importance is the means of formation of government corporations In some instances they are formed by federal officials proceeding under state laws in the same manner as private incorporators Such action is, of course, taken in pursuance of some sort of authorization by federal law In other instances government corporations are created specifically by acts of Congress In a third type of situation the corporation may be formed by federal officials —acting as incorporators —under general or specific authorization by Congress In a few instances private corporations have become 'government' corporations by public acquisition of their capital stock

As to the federal government, there has been considerable discussion looking toward the enactment of a statute providing a uniform method for the formation of corporations together with a degree of uniformity of corporate rights and responsibilities The lack of such a statute has made difficult congressional control over the creation of corporations, some existing corporations were originally pegged on statutory clauses which doubtless were enacted without expectation that they would be so used Past practice in chartering corporations also created some difficulty in controlling the scope of corporate activity The Government Corporation Control Act (Public Law No 248, 79th Cong, approved Dec. 6, 1945) prohibits the organization or acquisition of any government corporation "for the purpose of acting as an agency or instrumentality of the United States, except by Act of Congress or pursuant to an Act of Congress specifically authorizing such action" The same act requires the liquidation by June 30, 1948, of all wholly government owned corporations formed under laws of the states or the District of Columbia, unless reincorporated by act of Congress prior to that date

2. The Development of the Corporate System in Government

Variety of Government Corporations. Rationalizations for the use of the government corporation have been erected on the assumption that it should be resorted to primarily for the administration of self-sustaining commercial undertakings Only when such a function is performed can there be a source of funds for operation other than appropriations. Only with such non-tax revenues is it feasible for long to grant autonomy in internal management of the affairs of the undertaking, since nearly all the controls applicable to the ordinary department stem from the fact of expenditure from the public treasury However, in many instances government corporations have been charged with functions of a noncommercial or quasi-commercial character more akin to those of an old-line department than to those of a business enterprise

Consequently, in the United States government corporations are of "somewhat limited value" in illustrating their use as a means of managing publicly owned commercial enterprises[2] Partly because of the nature of the functions imposed upon them, government corporations have also acquired, through congressional and executive action, a great diversity of form It is thus misleading to speak of "the" government corporation No uniformity of powers or of form is apparent; about all that government corporations have in common is the name This diversification has been carried so far that a leading student of the subject has concluded that "the government corporation as a concept—as a definite and specialized form of administrative organization—is rapidly ceasing to exist."[3] Nevertheless, the agencies that masquerade under the title of corporation differ in many respects from the ordinary departments.

The nature and form of individual corporations have been determined by a variety of factors The ideas prevailing at the time are reflected in corporations formed in different periods The kind of function performed has been of some importance, for those corporations that conduct more truly commercial activities seem to have maintained a higher degree of corporate autonomy The political strength of their constituencies has a bearing on the form of many corporations. Thus, by virtue of its popular support, the Tennessee Valley Authority has been able to resist proposals to convert it into something more nearly approximating a regular department A considerable number of corporations, usually some time after their establishment, have felt the pressure of Congress to force them into the mold of an ordinary department.

[2] Thurston, John, *Government Proprietary Corporations in the English-Speaking Countries* p 6, Cambridge Harvard University Press, 1937

[3] Pritchett, C H, "The Paradox of the Government Corporation, *Public Administration Review* 1941 Vol 1, p 381

Government Corporations as Products of Emergencies. Most government corporations have been products of emergency conditions, although their life does not always end with the emergency which gave them birth. In war and depression the federal government has been compelled to undertake activities of an extraordinary character Pressure for speedy action made the corporate form with its freedom from cumbersome procedures attractive However, the oldest existing government corporation—the Panama Railroad Company—came into government ownership under different circumstances In 1903, the United States acquired the French interest in the canal and in the railroad company which had been incorporated under the laws of New York in 1849 The federal government has continued to operate the company under its original charter In addition to the railroad, the company operates hotels, commissaries, steamships, dairies, laundries, and other enterprises. It is administered under the War Department in close affiliation with the Canal Zone Partially because of its monopolistic position, it has been a profitable enterprise[4] The Inland Waterways Corporation, formed in 1924, is another instance in which emergency conditions did not govern the choice of administrative form[5] The corporate arrangement was deliberately chosen because of its advantages over the then existing departmental structure The corporation operates the Federal Barge Lines which in 1943 had a gross operating revenue of $8 3 millions.

With these exceptions, and the further exception of the Federal Land Banks which were authorized in 1916 after long inquiry into the problem of agricultural credit, the federal corporate system has been a creature of war and depression The first large-scale use of corporations occurred in World War I, when such bodies included the United States Housing Corporation, the United States Grain Corporation, the War Finance Corporation, the Emergency Fleet Corporation, and the United States Spruce Production Corporation Experience gained at that time brought a recognition of the potentialities of the corporation and furnished precedents for subsequent action[6]

Great Depression and World War II The Great Depression was a second occasion for the creation of a considerable number of corporations. The Reconstruction Finance Corporation was formed in 1932 in an attempt to stave off economic disaster by loans to business—banks, insurance com-

[4] See Dimock, Marshall E, *Government Operated Enterprises in the Panama Canal Zone*, Chicago University of Chicago Press, 1934 Much of our knowledge of the government corporation has been made available by Professor Dimock through his own writings and studies by his students

[5] See Dimock, Marshall E, *Developing America's Waterways*, Chicago University of Chicago Press, 1935

[6] See Van Dorn Harold, *Government Owned Corporations* New York Knopf, 1926.

panies, railroads, and other types of enterprise.[7] The functions of the corporation were broadened after its establishment, and through the spawning of subsidiaries it eventually became a huge holding company The Home Owners Loan Corporation was another type of emergency credit agency Created in 1933, it had the function of refinancing home mortgages threatened with foreclosure By the end of its lending operations in 1936 it had refinanced over $3 billions in home mortgages It continues to exist, fulfilling the functions of collecting its mortgages and managing the properties acquired in its operations Another variety of emergency corporation was the Federal Surplus Commodities Corporation, which was chartered in 1933 for the purpose of buying agricultural surpluses and of distributing them to relief agencies—hardly a profit making enterprise but one involving large purchasing operations which could be carried on more handily under corporate arrangements.

The Tennessee Valley Authority, though a permanent institution, was also of depression origin It was created in 1933 with functions of a mixed governmental and commercial nature, and it is notable both for its corporate form and as an experiment in multiple-purpose regional administration. The Federal Deposit Insurance Corporation, another permanent agency of emergency origin, was charged with the insurance of bank deposits of less than $5,000, a risk too great to be carried by private enterprise and difficult of assumption save through compulsory coverage on a large scale. The Federal Savings and Loan Insurance Corporation (1934) had a similar objective in the protection of investments in savings and loan institutions Federal Prison Industries, Inc. (1934) involved the incorporation of an existing activity, a move perhaps influenced by the frequent resort to use of the corporate device in other activities at the time The corporation sells to government departments, which are obliged to buy from it, and employs workers who have no alternative market for their labor It makes money Other corporations created in the early 1930's included the Commodity Credit Corporation (1933), the Federal Farm Mortgage Corporation (1934), the Mortgage Corporation (1935) under the Reconstruction Finance Corporation, and the Federal Home Loan Banks (1932)

World War II brought another spurt in corporate activity with the creation of a number of corporations, principally as subsidiaries of the Reconstruction Finance Corporation, to carry on war activities which are notoriously of a risky character The Defense Homes Corporation (1940)

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[7] See Senate Doc No 172, 76th Cong, 3d Sess, Pt 1 pp 50 52, 1940 This document consists of a report prepared by the Treasury Department in response to a Senate request, it contains detailed information on each of the corporations in existence at the time For a more recent and much briefer description, see Joint Committee on Reduction of Non Essential Expenditures, *Government Corporations*, Senate Doc No 227, 78th Cong, 2d Sess A more comprehensive description of each corporation is to be found in *Reference Manual of Government Corporations*, prepared by the General Accounting Office and printed as Senate Doc No 86, 79th Cong, 1st Sess, 1945

was organized to construct homes in areas congested by defense activity. The Defense Plant Corporation (1940) was created to finance and construct plants for war production; it became the owner of billions in plants and machinery. The Defense Supplies Corporation (1940) and the Metals Reserve Company (1940) were established to buy and sell strategic and critical materials. The Rubber Development Corporation (1940) was given the job of developing and procuring natural rubber abroad, principally in Latin America, while the Rubber Reserve Company (1940) was formed to construct synthetic rubber plants. The United States Commercial Company (1942), another Reconstruction Finance Corporation subsidiary, was chartered to engage chiefly in preclusive buying abroad—that is, buying critical materials regardless of price to prevent their falling into the hands of the enemy.[8]

In 1945, several of the defense subsidiaries of the Reconstruction Finance Corporation were merged with the parent company and lost their separate identity. Those affected by Public Law No. 109, approved June 30, 1945, were: Defense Plant Corporation, Metals Reserve Company, Rubber Reserve Company, Defense Supplies Corporation, and Disaster Loan Corporation. The Coördinator of Inter-American Affairs formed several corporations to be used as instrumentalities in the promotion of the Good Neighbor Policy. They were the Institute of Inter-American Affairs, the Institute of Inter-American Transportation, the Inter-American Educational Foundation, Inc., the Inter-American Navigation Corporation, and Prencinradio, Inc.

Government Corporations in the Field of Farm Credit. The corporation has been the characteristic administrative form in the elaborate governmental system for farm credit which has grown steadily since 1916. The twelve Federal Land Banks, organized in 1917 under the Federal Farm Loan Act of 1916, are mixed in ownership, with part of the stock being owned by the federal government and part by national farm loan associations—that is, borrowers' coöperatives. The Federal Land Banks have revolutionized long-term farm mortgage lending practices; their outstanding loans at the end of 1943 totalled $1.3 billions.

The credit system was broadened in 1923 with the creation of twelve Federal Intermediate Credit Banks which make loans and discounts for lending institutions engaged in short-term financing of farm production; their loans and discounts in 1943 were about $1 billion. The twelve Production Credit Corporations, set up in 1933, organize and finance local production credit associations which in turn make short-term loans to farmers. In theory, these local associations are credit coöperatives with some of their capital subscribed by the Production Credit Corporations. All these financing

[8] See Gordon, David, "How We Blockaded Germany," *Harper's Magazine*, December, 1944, Vol. 190, pp. 14-22.

institutions and certain others have been under the supervision of the Farm Credit Administration.

Scope of Corporate System. The net effect of the development of the corporate system was that by 1944 there were in existence in the neighborhood of one hundred government corporations, the precise number varying with idiosyncracies in definition. In the aggregate the corporations in the fiscal year of 1944 spent $58.8 millions for administrative expense and $303.3 millions for nonadministrative expense. They used $8.68 billions for the purchase and improvement of property, principally war plants and supplies, and loaned $1.02 billions. These same agencies, from their inception to the end of 1944, had spent $18.9 billions for the purchase and improvement of property and had loaned $20.2 billions.[9]

3. Overhead Control of Corporate Operations

Immunity from the Power of the Purse. The ordinary government department is subject to overhead controls applied by the Bureau of the Budget, the Department of Justice, the Comptroller General, and the Civil Service Commission. Through decades of evolution these controls and procedures have become, as David E. Lilienthal has said, "stupefying" in their complexity.[10] Although such limitations on departmental action are by no means without utility, they often delay operation: they limit departments in the choice of means to achieve ends; they sometimes smother initiative; and too often they become pointless ritual. Long experience has demonstrated the need for limits on officials who spend other people's money. However, in some types of governmental undertakings, reliance on the traditional prescriptions rather than on alternative methods of measuring performance makes it difficult to accomplish the job assigned to an agency.

Administratively, the most significant privilege enjoyed by a full-fledged government corporation is its freedom from the customary rules about finance. These rules stem from the great constitutional principle that no money may be paid from the Treasury except in pursuance of law. The principle lays the basis for control by the executive and legislative branches over the administrative agencies. The power of the purse is used to determine the amounts to be spent for each of the purposes of government. It is also used to prescribe in greater or lesser detail precisely how the money shall be spent.

Another principle—a necessary corollary of the first—is that public revenues shall be deposited in the Treasury. Without adherence to this maxim, public moneys might be spent directly from revenue without specific appropriation by the legislature. A third fundamental principle is that of annual appropriations. Invariable adherence to it has not been achieved. A

[9] Treasury Department, *Bulletin*, pp. 66-68, Sept., 1944. The figures are from tables under the heading, "Certain Government Corporations and Credit Agencies."

[10] *TVA—Democracy on the March*, p. 168, New York: Harper, 1944.

few permanent appropriations—that is, standing authorizations for the expenditure of specified amounts each year—remain on the books. Yet annual appropriation is the general practice in the federal government. This is of profound importance. It means that the power of the purse is exerted at annual intervals. The burden of proof and pressure is annually placed upon those who desire money.

The government corporation furnishes a method of modifying these principles. A subscription by government to the capital stock of a corporation or an allocation of funds to the corporation removes the money from the Treasury and from annual appropriation control. The funds may be utilized until exhausted whether it takes one year or ten. Earnings of the corporation, since they may be corporate funds rather than public revenues, need not be covered into the Treasury but may be retained in the custody of the corporation. They may then be spent at the discretion of the officers of the corporation, though only within the limits of corporate purposes fixed by the charter. If the corporation is engaged in a self-sustaining function, its revenues would enable it to operate on its own resources more or less indefinitely without annual subjection to the presidential and congressional power of the purse.

It is usually pointed out that in the avoidance of customary regulations about expenditure a superior type of control becomes possible. If a revenue-producing function is involved, analysis of the financial operations by ordinary methods applied by private corporations will furnish a means of evaluating performance. Is the enterprise coming out even or is it yielding a return on the government's investment? Thus the Tennessee Valley Authority attempts to indicate in its financial reports the degree to which its power operations are paying their way. This can be contrasted with the Post Office accounting in which a profit may be claimed while no charges are made for capital, depreciation, or other factors which are weighed in business accounting.

Fiscal freedom makes the measurement of performance feasible. However, probably of greater importance in the case made for corporate autonomy are certain characteristics of the appropriation procedure for ordinary departments. It is very difficult to forecast specifically the financial requirements of a commercial enterprise. If business is unexpectedly good, the increased revenues must be available to meet the increased operating charges. Moreover, application of the usual appropriation procedures to commercial enterprises is made less practicable by the length of the appropriation cycle. An ordinary department must anticipate its financial needs long in advance of actual expenditure. Thus each summer a department must begin the preparation of its expenditure estimates to cover the fiscal year that will end on June 30 two years later. It must ordinarily present its estimates for review by the Bureau of the Budget about September of the year preceding the beginning of the fiscal year covered by the estimates

It will subsequently justify the estimates as approved by the President to congressional committees, and final action will be taken by Congress shortly before the beginning of the fiscal year.

The difficulties of forecasting revenues and expenditures of commercial enterprise are illustrated by an experience of the Tennessee Valley Authority. Estimates of power revenues and expenses of power production prepared in the summer of 1939 for the fiscal year ending June 30, 1941, were: revenues, $14.7 millions; direct power expenses, $5.6 millions. In fact, however, revenues turned out to be $21 millions and expenses about $9 millions.[11] Under ordinary budget procedure, TVA would have had to go back to Congress for additional appropriations to meet the unforeseen conditions. Under corporate practice, the increased revenues were available without congressional action to meet the increased expenses.

Another example is furnished by the Federal Deposit Insurance Corporation. Its revenues consist of assessments on the deposits of insured banks, together with the earnings of investments of the capital and surplus of the corporation. The losses paid to depositors in closed banks have fluctuated violently over the years. Deposit insurance losses and expenses have ranged from a low of $1.3 millions in 1942 to a high of $14.0 millions in 1939. The corporation attempts to pay depositors as soon as possible after a bank is closed—the next day if practicable. Any attempt to estimate losses and provide for them by appropriations would be doomed to failure unless the appropriations were coupled with authority virtually approximating the present range of discretion of the corporation.

Freedom to plan and make expenditures within the limits of funds available is important because of the difficulties of forecasting. Equally important is the fact that such freedom gives the corporate officials greater discretion in determining how the corporation is to be managed. If the expenditure program must go through the Bureau of the Budget and the Appropriations Committees of Congress, the corporate determinations of how the funds are best to be expended will almost certainly be questioned. The judgment of the Bureau of the Budget, acting for the President, and the opinion of the congressional committees may be substituted for conclusions of those responsible for the management of the corporation. By this limitation of their discretion, corporate managers assert, their power ceases to be commensurate with their responsibility for the management of the affairs of the corporation.

Restrictions on Corporate Autonomy. Such are the considerations urged in support of fiscal autonomy for government corporations. In practice, corporate autonomy in the disposition of revenues has been sharply reduced. The Government Corporation Control Act of 1945 subjected all corporations wholly owned by the federal government to a uniform type

[11] Finer, Herman, *The TVA: Lessons for International Application*, p. 189, Montreal: International Labour Office, 1944.

of budgetary control, which we shall describe shortly. Even before the adoption of this law, successive actions by the President and Congress had narrowed corporate autonomy in the determination of expenditure programs. These actions left only the Inland Waterways Corporation, the Panama Railroad Company, and certain agricultural credit corporations of mixed ownership in full enjoyment of the power to adopt operating programs for the expenditure of their revenues

From its establishment in 1924, the Inland Waterways Corporation had not had to seek annual appropriations for operating expenses. Revenues from the operation of the Federal Barge Line and other sources were spent for the conduct of the business in the discretion of the corporate management. The corporation did not have to estimate long in advance how many workers it would need to man its transport facilities, justify these estimates to the Bureau of the Budget and to congressional committees, and operate within the limits of a congressional appropriation Rather, it paid its expenses of operation from its revenues after the fashion of a private corporation Similarly, and for a much longer period of time, the Panama Railroad enjoyed the privilege of managing its affairs within the limits of its resources.

Prior to 1945, the general tendency had been toward greater control by overhead executive agencies and by Congress over the financial programming of corporations In some instances this trend was attributable to the fact that the corporation did not possess funds, either from its own earnings or from other sources, adequate to meet its needs; it thus had to seek appropriations to finance its operations In these situations the theory of corporate freedom was never completely applied. It was perhaps equally important in the extension of budgetary and appropriation control that central budget officials and the Appropriations Committees were on the whole ill disposed toward arrangements diverging from those applicable to government operations generally

In the development of appropriation control, the first step was the introduction of the requirement that corporations with funds available for expenditure without annual appropriation, obtain approval by the Bureau of the Budget of expenditures for "administrative expenses," a category of expenditure somewhat difficult to define On August 5, 1935, the President directed that the Federal Savings and Loan Insurance Corporation, the Home Owners Loan Corporation, and the Federal Farm Mortgage Corporation submit annually to the Bureau of the Budget estimates of funds needed for administrative expenses, and that they incur obligations only within the limits approved by the budget director.[12] Shortly afterwards, the same rule was applied to the Federal Deposit Insurance Corporation, the Export-Import Bank, the Reconstruction Finance

[12] Executive Order No 7126 of August 5, 1935 This order also applied to several noncorporate federal agencies which were at the time outside the usual appropriation procedure.

Corporation, and the Electric Home and Farm Authority.[13] Next, the Tennessee Valley Authority was added to the list. In 1942, the requirements were extended to all major corporations until then outside the rule.[14]

The next step in the evolution of overhead control of government corporations was the introduction of congressional review of administrative expenses. The First Deficiency Appropriation Act of 1936 listed nine larger corporations which, beginning with the next fiscal year, were prohibited from incurring any administrative expenses "except pursuant to an annual appropriation specifically therefor . . ."[15] This provision would have resulted in expenditures being made from the Treasury rather than from corporate funds. That in turn would have brought such administrative expenditures within the purview of the Comptroller General and would have made them subject to all the general rules and regulations applicable to departments. However, the law of 1936 was modified in subsequent appropriation acts. Congressional action took the form of a limitation on the amount of corporate funds which might be spent for administrative purposes, rather than of an appropriation from the Treasury. Thus the language of one pertinent appropriation act for 1945 reads: "Not to exceed $11,500,000 of the funds of the Reconstruction Finance Corporation, established by the Act of January 22, 1932 (47 Stat. 5), shall be available during the fiscal year 1945 for its administrative expenses . . . ." By this means, Congress limited the amount which might be spent for administrative purposes but did not bring the expenditure under the control of legislation and regulations governing ordinary departments.

Whether or not the original laws governing a corporation should be changed to bring administrative expenses under annual congressional review seems to have been determined largely by chance rather than by principle. In some instances, the action taken resulted clearly from the lack of legislative confidence in a particular individual. In other instances, the initiative came from the corporation, motivated by the consideration that it might be better off under a limitation suggested by itself than it would be under more drastic action initiated by Congress.[16]

Subjection of "administrative expenses" to congressional limitation was not necessarily onerous. It left the corporation autonomous in the greater part of its fiscal operations. A lending corporation, for example, might loan, collect, and reloan its funds without congressional limitation on the

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[13] Executive Order No. 7150 of August 19, 1935.

[14] Executive Order No. 9159 of May 11, 1942.

[15] 49 Stat. 1648.

[16] The 1946 budget contemplated that congressional limitation would be placed on additional corporations. The Chairman of the Board of the Federal Deposit Insurance Corporation said to the House Appropriations Committee: "This year, to comply with the growing sentiment among congressional leaders that Congress should pass upon administrative expenses of Government corporations, we voluntarily submitted our annual budget for such expenses for congressional approval."

total scale of lending operations—save such limitation as was imposed by the amount of capital available to the corporation Congress limited only the "administrative" expenses. Moreover, the ingenious concept of "nonadministrative expenses" and their exclusion from congressional control permitted corporate flexibility in the determination of the amounts spent for certain purposes which in lay language might be called administrative. The differentiation between administrative and nonadministrative expense was not sharp. Generally, continuing overhead costs were included in the administrative category while expenses arising directly in the management, protection, and care of property by the corporation were nonadministrative.

The distinction was laid down in the appropriation act relating to each corporation Thus, the 1945 appropriation limitation for the Reconstruction Finance Corporation stated "Provided, That all necessary expenses in connection with the acquisition, operation, maintenance, improvement, or disposition of any real or personal property belonging to the Corporation or the RFC Mortgage Company, or in which they have an interest, including expenses of collections of pledged collateral, shall be considered as nonadministrative expenses for the purposes hereof" The foregoing formula is typical, but variations in language have prevailed for each corporation or cluster of corporations to which the nonadministrative expense proviso applies The significance of the exception of nonadministrative expense may be deduced from the fact that in 1944 these expenditures for corporations and credit agencies reporting them were in the aggregate more than five times as great as administrative expenses.

Administrative and nonadministrative expenses may be very small in comparison with program expenditures Before 1945, program expenditures of most corporations were excluded from annual appropriation control. However, if new capital or additional authority to borrow was necessary to carry out a program, a corporation had to obtain legislative authority and appropriations to enlarge its program[17] Thus, when the Tennessee Valley Authority needs new capital to construct additional works, its request is scrutinized by Congress just as thoroughly as a similar request by the Army Corps of Engineers or the Bureau of Reclamation of the Department of the Interior If program expenditures, however, are made from funds already available to the corporation, the more general practice has

[17] Some government corporations have power to borrow from the investing public Such corporations may enlarge their sphere of activity within the limits of their borrowing authority without seeking an appropriation Thus the Federal Land Banks finance a large proportion of their mortgage loans from funds obtained by the sale of securities Operating costs are met and profits result from the spread between the rate of interest the banks pay and the rate they receive The Government Corporation Control Act of 1945 required that corporations obtain the approval of the Secretary of the Treasury before selling or buying obligations of the United States or obligations guaranteed by the United States in amounts over $100,000. Federal Land Banks and certain other agricultural credit corporations, however, were merely required to consult with the Secretary of the Treasury

been that no annually fixed congressional limitation applied.[18] Thus deposit losses by the Federal Deposit Insurance Corporation have not been subject to appropriation limitation. The Reconstruction Finance Corporation has been able to loan, collect, and reloan its funds as circumstances warranted without annual permissive action by Congress. The Smaller War Plants Corporation, during its existence in World War II, was limited by Congress in its administrative expenditures, but its capital constituted a revolving fund for making loans.

Emerging State of Budgetary Control. Our discussion of the state of budgetary control over government corporations must necessarily be tentative, for the ultimate developments under the Government Corporation Control Act of 1945 are unpredictable. That act, in its provisions regarding the submission of budget requests, represented another step in the evolution of the types of control already described. It differentiated between wholly owned and mixed-ownership government corporations. Insofar as the mixed-ownership corporations were concerned—the Central Bank for Coöperatives and the Regional Banks for Coöperatives, Federal Land Banks, Federal Home Loan Banks, and the Federal Deposit Insurance Corporation—the *status quo* was maintained. No annual budget presentation was required of these corporations by the act.

Wholly owned government corporations—that is, corporations other than those of mixed ownership listed above—were required to submit annually a "budget program" through the usual budgetary channels. The act specified: "The budget program shall be a business-type budget, or plan of operations, with due allowance given to the need for flexibility, including provision for emergencies and contingencies, in order that the corporation may properly carry out its activities as authorized by law." The statute also specified that the budget program contain a statement of the financial condition of the corporation and other information calculated to enable Congress to evaluate its past performance and its future program.

The degree to which the legislation of 1945 will actually limit corporate autonomy can be determined only as procedure under the act develops. The act did not contemplate the financing of corporate activities by appropriation from the Treasury. Rather, its objective was to furnish opportunity for congressional review of planned expenditures from corporate funds. Thus the act merely applied to all kinds of corporate expenditures the type of control that had already developed with regard to administrative expenses of many corporations. Incidentally, it was assumed that corporations which had been operating under congressional limitation of administrative expenses would continue to do so.

The degree of congressional limitation will depend in large measure on

[18] The President's budget for the fiscal year of 1946 included estimates of nonadministrative expenses and program expenditures by corporations, but these figures were informational rather than in request of congressional authorization.

what type of action Congress develops the habit of taking after it receives corporate budget programs. Congress could write into the appropriation language detailed directions, or it could simply do nothing. The act specifically states that congressional action is not necessary to authorize expenditure from corporate funds. Congress could, if it wished, examine the programs of the corporation. If the plans raised no issue, inaction by Congress would erect no bar to corporate execution of programs. However, corporations were instructed to include in their 1947 budget programs the following authorizing language to be transmitted to Congress: "Approval is hereby given to the . . . Corporation, within the funds available to it, to undertake the types of programs set forth in its 1947 Budget."

The problem remained of how corporations would deal with unforeseeable emergencies requiring rapid change of plans. It was proposed to include in their first budget program presented for congressional approval the following general language applicable to all corporations: "In order to meet emergencies or contingencies arising subsequent to approval of the Budget and not provided for in the budget program, a corporation covered by the provisions of this Act may adjust, with the approval of the President, its budget program to provide for the immediate initiation of programs authorized by law and not specifically set forth in the approved Budget; Provided, That the new program shall be immediately transmitted to the Congress as an amendment to the Budget; Provided further, That under no circumstances shall a corporation prior to approval by the Congress undertake a program which would necessitate an increase in its authorized borrowing authority."[19] Reference to the President implied prior review by the Budget Bureau.

Powers of the Comptroller General. The aspect of financial control which has received most attention is that of the audit and settlement of accounts by the Comptroller General. In much of the discussion of this subject two phases of the matter as applied to corporations are not clearly differentiated. The first is the body of laws and regulations applied by the Comptroller General; the second is their mode of application. When expenditures are made from the Treasury—as contrasted with corporate funds—and are reviewed by the Comptroller General, they become subject to all the legal prescriptions of government-wide applicability in the absence of positive legislative exception. These rules are frequently in themselves not conducive to efficiency in commercial enterprise. The manner in which they are interpreted and the methods by which the Comptroller General applies them are a still different matter. Highly formalistic pro-

[19] Such a proviso was reflective of the spirit in which the House Committeee on Expenditures in the Executive Departments expected the legislation to be carried out. See House Report No. 856, 79th Cong., 1st Sess., July 5, 1945. A similar provision had been included in an earlier bill proposed by Senator Byrd (S. 469, 79th Cong., 1st Sess., February 5, 1945). The hearings on this bill before a subcommittee of the Senate Committee on Banking and Currency constitute a valuable source of information on government corporations.

cedures to prove compliance place a great burden of paperwork on government agencies. Moreover, the discretion which rests in the Comptroller General in the interpretation of legislation sometimes makes it possible for him to exert great influence on the nature of an agency's program

A weakness of the Comptroller General's audit as it applies to corporate enterprise is that it is concerned solely with legality of expenditure rather than with efficiency of operation. These two qualities are by no means identical A government agency may make its expenditures in a perfectly legal manner and yet be inefficient. Thus, to spend legally, an agency must comply with an act requiring competitive bidding in the making of public purchases. If all bids are alike, the accepted etiquette is to advertise again or to draw lots to determine the successful bidder David Lilienthal points out that if this procedure had been required of the Tennessee Valley Authority when it received identical bids for cement, it would have had to pay excessive prices. Instead it negotiated lower prices. It was able to bargain with the intimation that it could construct its own cement plant.[20] Such a tactic would have been illegal under ordinary procedures, and the Comptroller General would have blocked payment on a purchase so made The General Accounting Office under him is not concerned with the operating efficiency of a purchasing system; it seeks merely to see that particular payments have been made in accordance with law. Naturally, in commercial enterprise freedom in purchases from hampering routines bulks much larger in importance than in the ordinary department which usually has to make only small purchases for its office needs

The statute on purchasing procedures is only one of hundreds of statutes and many more decisions of the Comptroller General which the General Accounting Office applies in reviewing the expenditures of government departments A few additional illustrations may be cited of such general prohibitions which can be waived in particular instances only by congressional dispensation, which, needless to say, has been often granted. Land to be used for public buildings may not be bought until the Attorney General clears the title All printing must be done by the Government Printing Office Law books and periodicals may not be purchased except by specific appropriation All contracts must be placed in the custody of the General Accounting Office Plans for public buildings must be approved by the Public Buildings Administration In addition to general laws of unequivocal meaning, government departments are subject to a large body of rulings produced by the General Accounting Office in the interpretation of statutory language.[21]

[20] Lilienthal, David E and Marquis, R H, 'The Conduct of Business Enterprises by the Federal Government" *Harvard Law Review* 1941, Vol 54, p 567

[21] The above examples are from McDiarmid, John, *Government Corporations and Federal Funds*, Chicago University of Chicago Press, 1938 This able treatment covers thoroughly the general problems of financial control sketched here only briefly For fuller discussion, see below Ch 25, 'Fiscal Accountability'

The relationship of corporations to the Comptroller General has undergone a process of evolution similar to that of their relation to the budget process and appropriation procedure. A state of complete freedom from review by the Comptroller General was gradually modified by changes affecting particular corporations. Finally, in 1945, all corporations became subject to inspection of their accounts by the Comptroller General in a manner somewhat different from that applicable to ordinary departments. Whether a corporation came within the jurisdiction of the Comptroller General, thus being subject to the regulations applied by his office, was determined before 1945 by the basic legislation and appropriation language relating to each corporation. By an executive order of 1934, the President directed that corporations created after March 3, 1933, "the accounting procedure for which is not otherwise provided by law" should render accounts to the General Accounting Office for settlement as prescribed by the Comptroller General.[22] In actual fact, the procedure was generally "otherwise provided by law" for each corporation.[23]

Nor was the practice by any means uniform. At one extreme, corporations such as the Panama Railroad Company and the Inland Waterways Corporation, both created before the date fixed by the executive order of 1934, retained complete freedom from the Comptroller General. Even when Congress limited total administrative expenses for particular corporations, it sometimes made it clear that this action did not bring the manner of making such expenditures within the regulations applied by the Comptroller General. Thus the 1945 Reconstruction Finance Corporation limitation indicated that "except for the limitations in amounts hereinbefore, and the restrictions in respect to travel expenses, the administrative expenses and other obligations of the corporation shall be incurred, allowed, and paid" in accordance with the Reconstruction Finance Corporation Act. In other instances, administrative expenses alone were made subject to review by the Comptroller General. Thus the 1945 limitation on administrative expenses of the Smaller War Plants Corporation provided that no part of the administrative expense allowance might "be obligated or expended unless and until an appropriate appropriation account shall have been established therefor pursuant to an appropriation warrant or a covering warrant, and all such expenses shall be accounted for and audited in accordance with the Budget and Accounting Act."

All types of expenditures by Federal Prison Industries, Inc. were placed under review by the Comptroller General and had to be made "in accordance with the laws generally applicable to the expenditures of the several departments and establishments of the government." The Tennessee

[22] Executive Order No. 6549 of January 3, 1934.

[23] A table showing the relationship of government corporations to the Bureau of the Budget and the General Accounting Office in 1944 is printed in the *Hearings* of the Subcommittee of the House Committee on Appropriations on the Independent Offices Appropriation Bill for 1945, pp. 807-808.

Valley Authority occupied and still enjoys a peculiar position in relation to the Comptroller General. Almost continuously since its establishment, TVA has been in controversy with the Comptroller General, who has had as allies various groups hostile to its program. The upshot has been that TVA is liable to audit by the Comptroller General but that Congress has made modifications of general statutes for its benefit. Moreover, TVA enjoys by statute the unique right to overrule a disallowance by the Comptroller General under certain circumstances.[24]

Perhaps good and sufficient reasons have existed for excepting the expenditures of many government corporations from general laws and regulations. However, one of the consequences has been an unsatisfactory system for the inspection of corporate accounts. Not a few corporations have employed private accounting firms to examine their accounts. This practice is of dubious efficacy for public enterprise. To fill the void, Congress in its legislation of 1945 directed the Comptroller General to audit the financial transactions of all government corporations, but the intent was to require a type of audit different from that applicable to ordinary departments. When the Comptroller General "audits" and "settles" accounts of government departments, he determines whether particular expenditures have been made in accordance with law and regulation as interpreted by himself. The Government Corporation Control Act calls for an annual audit in accordance "with the principles and procedures applicable to commercial corporate transactions."

Thus the act does not operate to bring corporate expenditures under the laws and regulations applicable to government departments generally. The *status quo* that existed before the passage of the act is preserved. If a corporation was authorized by previous legislation to determine the manner of making expenditures, that right would live on. Or if a corporation was bound by the ordinary rules and regulations, as in the example cited above of Federal Prison Industries, that arrangement would also continue. The Comptroller General was directed to report to Congress on the findings of the audit, including "a statement of assets and liabilities, capital and surplus, or deficit; a statement of surplus or deficit analysis; a statement of income and expense; a statement of sources and application of funds; and such comments and information as may be deemed necessary to keep Congress informed of the operations and financial condition of the several corporations."[25] The statute laid the basis for a more satisfactory

[24] An act of 1941 provides that the General Accounting Office "shall not disallow credit for nor withhold funds because of any expenditures which the Board shall determine to have been necessary" to carry out the provisions of TVA's basic statute. 55 Stat. 775.

[25] The Government Corporation Control Act of 1945 reënacted in substance the relevant sections of Public Law No. 4, 79th Cong., approved February 24, 1945, which divorced the Reconstruction Finance Corporation from the Department of Commerce and also dealt with the audit of government corporations. Separation of the RFC from the Commerce Department became an issue in connection with the nomination of Henry A. Wallace as Secretary of Commerce.

financial inspection of corporations than had generally prevailed. At the same time, the General Accounting Office was faced with the necessity of radically altering its approach to auditing problems in order to achieve the needed results.[26]

Central Control of Personnel. A federal department is bound by general legislation, administered by the Civil Service Commission, which fixes the manner of recruitment of employees, classification and pay scales, and other aspects of personnel administration. As a consequence, departmental discretion is limited in the selection of staff and in the determination of compensation by both legislation and the tradition and customs of civil service. Government corporations have placed a high value on freedom from civil service rules and procedures, but their special privileges in personnel matters are rapidly disappearing

The President, by Executive Order No. 7915 of June 24, 1938, provided for bringing into the competitive civil service all positions, "including positions in corporations wholly owned or controlled by the United States," except those exempted by statute The general terms of the order applied to the Commodity Credit Corporation, the Electric Home and Farm Authority, the Export Import Bank, and the Federal Deposit Insurance Corporation.[27] The Ramspeck Act of 1940 authorized the President to place in the competitive classified service the employees of all government-owned corporations except the Tennessee Valley Authority[28] The President exercised this power by Executive Order No 8743 of April 23, 1941, which put under the provisions of the Civil Service Act the great majority of positions to which the act of 1940 authorized civil service extension

In the legislation creating the Tennessee Valley Authority, special attention was given to the personnel question Congress concluded that the undertaking might have a smaller chance of success if it had to operate under civil service rules, yet it laid down the following merit system injunction: "In the appointment of officials and the selection of employees for said Corporation, and in the promotion of any such employees or officials, no political test or qualification should be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency " TVA has won an impressive reputation for its personnel policies and practices Its reputation has spread so far, wide, and handsome that in recent years few new fed-

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[26] For a discussion of the operations of the Comptroller General see below Ch 25, Fiscal Accountability,' sec 5 Audit

[27] See Pritchett, *loc cit* above in note 3, p 384

[28] 54 Stat 1211 The statute recognized that there might be legal limits to the extension of the civil service laws to corporations of the federal government formed under state laws On the problems of federal corporations and state legislative control, see the excellent monograph by Weintraub, Ruth G, *Government Corporations and State Law,* New York Columbia University Press, 1939

eral agencies felt respectable unless they had at least one TVA alumnus in their personnel division. A thorough student of TVA concludes that its record in personnel "has been in considerable measure attributable to its freedom from time-worn Civil Service procedures and regulations."[29] He points out, however, that the Civil Service Commission of today is not the routine ridden organization that it was in the early 1930's.

Freedom from the "time-worn" procedures of the Civil Service Commission does not ensure by itself better-than-average personnel practices It merely leaves the way open for innovation and managerial responsibility in personnel administration In some instances—notably the Home Owners Loan Corporation in its earlier days—the freedom from civil service legislation has provided merely an opening for spoils practices. No corporation other than TVA has gained an outstanding reputation for its personnel policies, although some may have done a good job without much advertising.

4 Corporate Autonomy and Political Responsibility

Legislative Bewilderment The highly formalized overhead controls that have been described here constitute methods by which agencies may be brought within the orbit of general governmental policy. When these methods do not apply and when other controls are absent, presumably a government owned corporation would possess more or less complete autonomy within the limits of the resources and authority granted to it at the time of its creation The theory of corporate autonomy may thus conflict with the necessity that public activities be in accord with the policies and wishes of those who carry political responsibility for the actions of government Or, to put the proposition in another way, it is fundamental that means exist by which administrative officers and governmental agencies may be held accountable for their acts to those who bear political responsibility—the chief executive and the legislature. In terms of management, means must exist by which the operations of the corporation may be brought into harmony with related actions of government

Of course, the establishment of a corporation with the concomitant definition of its functions—the instruction about what it is to do—is in itself an act of direction It is impracticable, however, for Congress and the President, or an agency head acting pursuant to law, to create a corporation, tell it what to do, and then forget about it As a matter of political necessity, there must be a continuing general surveillance of its operations The government corporation, if it enjoys financial autonomy, is removed from the annual executive and legislative review of requests for

[29] Pritchett, C H, *The Tennessee Valley Authority*, p 306, Chapel Hill University of North Carolina Press 1943

appropriations. If it is removed from general administrative supervision, it is apt—as is frequently charged—to consider itself not a part of government.

Congress is somewhat baffled in its dealings with government corporations. They do not yield very well to the types of control exercised over government departments. In dealing with the ordinary agency, a congressional committee can tell it how many employees of particular grades it can employ during the next fiscal year, can reduce the amount available for the salary of an official it dislikes, can periodically put the key officers on the carpet, and can enter into a very searching review of the agency's plans and proposals. In general, Congress is thus able actually to exercise control—although interference with the minutiæ of administration is not a genuine control of broad policy. On the other hand, when Congress comes up against a corporation operating a commercial enterprise, different types of evaluation of performance are essential. To criticize and to demand more effective management of such an enterprise would not lead very far if the usual types of analysis of government operations were followed.

A sense of frustration seems to arise among Congressmen when they are concerned with government corporations. The following exchange before a congressional committee between Senator Byrd as its chairman, and Jesse Jones, then Secretary of Commerce and boss of the Reconstruction Finance Corporation, is a good illustration:

> *The Chairman.* Will you point out to me now exactly what congressional authority Congress has over these corporations after the first authorization to operate is given to you? . . . We authorize you to borrow $5,000,000,000. After that is done, what authority has Congress over the RFC and how can they exercise it if it has got it?
>
> *Secretary Jones.* I suppose if we misuse the funds, you would have a good deal of authority?
>
> *The Chairman.* How?
>
> *Secretary Jones.* I do not know about that. . . .
>
> . . . .
>
> *The Chairman.* . . . I am asking you what authority Congress has over the RFC after they make their initial authorization.
>
> *Secretary Jones.* I have always thought they had all of the authority.
>
> *The Chairman.* Tell me how they can exercise the authority. You know vastly more about it than I do. They haven't even a report from the RFC in detail.
>
> *Secretary Jones.* We make monthly reports to Congress.
>
> *The Chairman.* You do not make them in detail?
>
> *Secretary Jones.* Pretty well in detail.
>
> *The Chairman.* You do not give the names of the borrowers?
>
> *Secretary Jones.* I think we do. . . .
>
> . . . .

The Chairman Where does that report go?

Mr. Mulligan. To the Vice-President and the Speaker.

The Chairman. Is it a public report?

Mr. Mulligan. Yes, except since the war I do not know whether they have been issued to the general public or not.

The Chairman. Do you make an annual report to Congress?

Mr. Mulligan In addition to the monthly report a quarterly report to Congress is also required by law.

Secretary Jones. A monthly report and a quarterly report. . . .

. . . .

The Chairman. . . . I have never seen a report on the itemized loans of the RFC

Secretary Jones. If you will refer to the act, Senator, you will find it requires these things, and these reports are sent in here, and you can go to the Vice-President's office and get them.

The Chairman. I am glad to hear you say that.

Secretary Jones. We will be delighted to send them to the individual members that want them . . .

. . . .

The Chairman I am talking about the itemized statements

Secretary Jones. I am talking about the itemized statement. I am talking about the loan to John Smith for X dollars, and the rate of interest . .

. . . .

The Chairman You haven't told me yet what control Congress can exercise over the RFC

Secretary Jones I will leave that to Congress[40]

Political Antagonisms Congress is not, of course, as helpless as the Senator would have us believe in the foregoing passage. However, it is certainly true that the legislature has not developed satisfactory ways and means for a recurring review of the operations of corporations. The normal courses of discussion and criticism are open; when a Senator thunders, government officials quake in their boots, whether they be on corporate or on noncorporate payrolls. Congress has at its disposal the investigative power which has been used effectively in relation to the Tennessee Valley Authority, the Home Owners Loan Corporation, and other corporations

At times, the intervention of Congress is not calculated to guide general policy but to gain partisan, personal, or local advantage. Thus, over several congressional sessions Senator McKellar of Tennessee has conducted warfare against TVA, attempting to bring its employees under Senate confirmation, to deprive it of the use of its receipts, and in general to limit the authority of the corporation. The Senator was said to be intent upon patronage and to cloak a personal grudge against the chairman of TVA, a man not disposed to be pliable when he felt that the interests of

[40] Joint Committee on Reduction of Non-Essential Federal Expenditures, *Hearings*, pp 2295-2297, 78th Cong , 1st Sess , pt 7, 1943.

the corporation were threatened.[31] This sort of congressional intervention is probably the very thing which advocates of the corporate method desire to avoid by autonomy Yet the most liberal corporate freedom will not serve to stave off congressional attack on either partisan or policy grounds The political battle has to be won for any activity, whether or not it is conducted through corporate form

It should be well noted also that most of the corporations have been at fault at various times in their relationships with Congress. They have partaken in a special degree of the administrative attitude that "what Congress does not know will not get one into trouble." If corporations expect to enjoy a status different from that of a usual department, they must furnish information by which Congress can evaluate their operations by means different from those applied to the ordinary department. The chairman of TVA has recognized this need and has proposed that special arrangements be made by which at appropriate intervals Congress could review the work of corporations.[32]

Providing Information for the Legislature A better flow of information has been reaching Congress since the middle thirties. Principally through the stimulus of the Joint Committee on Non-Essential Expenditures, comprehensive quarterly financial reports are made by the corporations to the Treasury and to the Bureau of the Budget.[33] Such reports are intelligible to technically competent persons, but they are not a very effective method of informing Congress or the public The President's budget annually contains a statement for each corporation showing expenditures and receipts, actual and anticipated, just as for ordinary departments.[34] Some of the corporations publish annual reports. Among the more illuminating reports are those of the Tennessee Valley Authority.

Generally, however, the work of the corporations has been a closed book to Congress Take the annual report of the Inland Waterways Corporation as an example It is prepared along traditional lines of corporate reporting; but even private corporations have discovered that they must call in their public-relations advisers as well as their accountants to try to make their reports intelligible to their stockholders. The average Congressman—or the average citizen—can sweat over the report of the Inland Waterways Corporation for 1943 and find that it had a small deficit in its transport operations which was offset by profits realized from the sale of securities of the federal government However, from the report it is difficult to evaluate the efficiency of the management Was it more or less effective

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[31] See Reynolds, J I , McKellar on the Rampage *New Republic*, March 27, 1944, Vol 110, pp 400-402

[32] Lilienthal and Marquis, *loc cit* above in note 20

[33] For the present form of these reports see Budget Treasury Regulation No 3 of September 1, 1944, adopted under Executive Order No 8512 of August 13, 1940

[34] Accompanying the fiscal statements are brief statements of the functions and authority of the corporations This is a convenient source of data on the current status of the corporations.

than in the preceding year? Was the corporation gradually going bankrupt through the impairment of its capital?[35] What could be done to improve the income-expense ratio?

The Federal Deposit Insurance Corporation issues an excellent annual report. Still, nowhere does it show how much this corporation is costing the government in terms of the annual interest charge on capital stock, subscribed by the Treasury, which yields no return to the federal government In most instances it requires prolonged special study to dig up the really pertinent facts for the evaluation of corporate operations. Thus, by enough research to produce a book, a private scholar might conclude that without the subsidy from the Production Credit Corporations, the production credit associations would have had to charge farmers about one per cent more on loans in 1943 in order to maintain the same services and accumulate the same reserves as in 1942[36] Such data are not ordinarily produced by corporate reporting

Congress should become better informed on the workings of government corporations by the procedures provided under the Government Corporation Control Act of 1945 It will receive and review the annual budget programs of wholly owned government corporations. It will also be presented with reports of annual audits by the Comptroller General of the affairs of both wholly owned and mixed-ownership corporations These arrangements will bring the business of each corporation before Congress as a matter of routine. They will furnish corporate officials with the opportunity to explain their operations, without waiting until a hostile investigation arises—caused perhaps in part because of lack of better channels of communication between the corporation and Congress. In February, 1946, the House Committee on Appropriations created a new subcommittee to deal with corporate budget programs and reports—a recognition of the necessity for specialization within the committee on the problems of corporations.

Enforcing Political Responsibility of Government Corporations. The broader question of responsibility has not been realistically faced by government-corporation enthusiasts[37] The analogy with the private corpora-

[35] Inadequate information on the state of the assets of a corporation may conceal losses or it may result in continued overcapitalization which is, of course, costly to government A statute of 1938 provided for an annual appraisal of the net worth of the Commodity Credit Corporation Impairment of capital would be restored by appropriation, thus bringing losses to the attention of Congress Increment of assets above the authorized capital would be covered into the Treasury, thus cutting off the cost of excess capital in the hands of the corporation The President in 1939, in his budget for the fiscal year of 1940 (p ix), recommended that the practice be extended to other corporations The Government Corporation Control Act requires that corporate budget programs include estimates of capital to be returned to the Treasury or of appropriations required to restore capital impairments

[36] Butz E L, *The Production Credit System for Farmers*, Washington Brookings Institution, 1944

[37] The questions that need to be answered have been posed. See Committee on Public Administration, *Research in the Use of the Government Corporation*, New York, 1940

tion is not perfect. Although a degree of autonomy is enjoyed by a private corporation, a variety of forces operates to enforce responsibility. The financial journals, bankers, investment advisers, and such government agencies as the Securities and Exchange Commission seek and obtain considerable information about the operation of a business concern. Larger stockholders are certainly not without influence. The need to retain the confidence of the financial community operates as a spur to management. The mores and habits of a business civilization likewise have their effects.

These influences are normally not present in the case of a government corporation. No very satisfactory substitutes have been evolved save for those corporations, such as the Tennessee Valley Authority, which have been centers of controversy and have thus been compelled to exert their best efforts both to manage their affairs and to inform the public of the results. Had the practice of relying on private capital as a partial method of financing become more general, government corporations would have had to go into the market and sell their securities like private concerns. Under such conditions, they might have become subject to the discipline of the financial market. This has been true of the Federal Land Banks and certain other lending corporations. But the more general practice has been to finance government corporate operations solely with public funds.

The theory of corporate autonomy has been more badly mangled by the integration of corporations into the departmental system than through control by Congress. This integration comes about partially through necessity. It is impracticable to permit scores of corporations to drift about the administrative cosmos accountable to no one in particular. From an operating standpoint, it is also essential that corporate policies be geared into related policies executed by ordinary departments. The simplest way to accomplish such reconciliation is by bringing the corporation within the appropriate department. Thus, Federal Prison Industries, Inc. is within the Department of Justice and is managed by those responsible for the federal prisons. The Farm Credit Administration has been within the Department of Agriculture and has functioned primarily as something approximating a holding company. Its supervision of the farm credit corporations has represented, in part, a specialized substitute for other overhead controls.

Most of the housing corporations are within the structure of the National Housing Agency. The integration of the Defense Plant Corporation, the Defense Supplies Corporation, the Metals Reserve Company and other defense subsidiaries of the Reconstruction Finance Corporation has been accomplished by means other than assignment to the appropriate department. In the exercise of its general powers over procurement, the War Production Board certified plants to be constructed, supplies to be purchased, and, in some instances, subsidies to be paid. These corporations acted as bankers and managers to carry out decisions made elsewhere. In

their cases, the concept of a corporate board of directors fixing the policy of the corporation and exercising an autonomous prudence was thus far removed from the actual administrative situation.

The integration of corporations into the general administrative structure has been carried far. It may even be concluded that, by and large, a government corporation, insofar as its autonomy in policy is concerned, is little different from a bureau or other subdivision of a department. The Federal Deposit Insurance Corporation and the Tennessee Valley Authority retain their independent identity, but they are exceptional. The corporation today usually enjoys certain special privileges that a departmental bureau does not have. However, in the exercise of these privileges it must in most instances be guided by departmental policy and direction.

The Contribution of the Corporate Device. In reality there are few, if any, corporate operations which could not be accomplished by an ordinary department if the usual financial procedures were modified.[38] Corporations have tended to acquire some of the characteristics of the ordinary department, thereby narrowing the differences between the two. Nevertheless, most corporations do retain certain distinguishing features. Before the passage of the Government Corporation Control Act of 1945, probably the most important privileges accorded to many corporations were freedom from the annual appropriating process for the major part of their outlays, and the right to retain receipts for corporate use. The extent to which procedures under this act will modify the autonomy of corporations remains to be seen, but the legislation contemplates different arrangements for corporations than for ordinary departments. Of comparable importance is freedom from review by the Comptroller General, which is of very great significance in the negotiation and settlement of contracts and other business transactions. If the Government Corporation Control Act really results in a "commercial" type of audit, it will not narrow corporate privileges in this regard.

Almost all the supposedly desirable features of corporations can be, and from time to time have been, given to ordinary departments. It is possible in this manner to establish a revolving fund into which receipts are paid and from which expenditures are made; to exempt employees from civil service regulations; to deprive the Comptroller General of his powers with respect to certain types of transactions; and to make exceptions from other types of legislative and executive controls. Nevertheless, it has been much easier to accomplish these things by creating a corporation than by making an open and frontal assault on generally accepted working rules governing the entire administrative establishment.

Perhaps the chief justification of the corporate device is that in times

[38] For a careful comparative analysis of corporations and their equivalents in ordinary departments, see White, Leonard D., *Introduction to the Study of Public Administration*, ch. 9, New York: Macmillan, rev. ed., 1939

of emergency it has been possible to achieve with it urgent objectives which might have been more difficult or impossible of attainment by other means. By a single action—establishment of the corporation—men have been put to work on a job unhampered by the necessity of conducting a running fight with the Bureau of the Budget, the Appropriations Committees, the Comptroller General, and the Civil Service Commission. Once the emergency is over and the operation is proceeding smoothly, the corporation can be brought into more orthodox governmental patterns, or it can be liquidated.

The wide use of the corporation and the considerable literature on the subject throw into bold relief the general problem of administrative decentration. The pressure toward uniformity of operating method and toward coordination of policy throughout the huge federal machinery brings with it formidable issues in the maintenance of initiative and in the preservation of conditions favorable to self-reliant management and innovation Unification and uniformity carry with them an inevitable degree of congestion at the center, and also delay and hamper action. In devising mechanisms for central control we must guard against the tendency to exert great effort in the achievement of integration and uniformity with respect to matters that really are not of sufficient significance to justify he trouble

The rise of the government corporation reflects the difficulties that surround responsive administration in the settled forms of the departmental system and in higher central controls Escape from traditional ways of doing things through corporate autonomy is not the answer. The solution lies in better appreciation of the need for creative freedom of public management buttressed by full responsibility—and for forms of control appropriate to this fundamental purpose.

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CHAPTER

12

Field Organization

Capitals of nations and states are popularly regarded as the places where the business of government is carried on. Actually this business brings national and state government into hundreds and thousands of communities distant from the capital—that is, into "the field." For it is in the field that taxes are collected, regulatory laws enforced, and governmental services rendered. This being true, effective administration at the capital is not enough. Equally important is the condition of the field service. It must be competently staffed. It must contribute to the planning and execution of the programs of the various departments and bureaus centered at the capital. It must bring these more or less specialized programs into coordinated focus for each geographic area of the country. It must be responsive to local as well as national needs.

1. The Growth of Field Organization

Continental Prototypes. Historically, field organization has been a tool used for both the centralization and decentralization of government. The centralist emphasis dominated field organization during the centuries when Western civilization was emerging from the Middle Ages. The evolution of the nation-state was a reaction against the feudal organization of society —under which state taxes had long ceased to be collected, justice was meted out by local authorities, the right to travel highways depended on payment of tolls to local lords, the coinage of money was far from a state monopoly, and national armies were mere assemblages of groups of vassals of allied lords. Naturally, the extent of reversal of these centrifugal tendencies has depended upon the king's capacity for reducing his dependence upon the feudal lords. This required, among other things, the development of a truly national bureaucracy that would carry the king's law and collect the king's taxes throughout the realm.

Accordingly, in France for instance, the king appointed so-called intendants to represent him in the provinces, with authority over both local

governments and subordinate field officials of the different departments of the national government.[1] The precedent thus set by the *ancien régime* was not neglected after the Revolution of 1789. Indeed, Napoleon later improved upon this centralizing device. The king's intendants, serving for twenty or thirty years in their particular provinces, had often asserted a measure of independence from the Paris government by encouraging and defending local interests. Napoleon, noting these difficulties, deliberately ignored the provinces, superimposing on the country's map an entirely artificial set of boundaries outlining areal "departments," each of which was headed by a prefect representing the central government. This scheme of territorial administration has continued since Napoleon's time as a major instrument of centralization. Its distinctive feature is that the prefect represents practically all of the national government's functional departments. Consequently, most of the functional threads of national government are pulled together at his level before they are stretched on to individual communities and citizens.

In Prussia, too, and its precursor, the Electorate of Brandenburg, field officers were used to weld local feudatories into a centralized nation. Frederick William, the Great Elector of Brandenburg, in 1657 divided his Privy Council into a larger number of specialized departments, and designated certain members of the council as local regents. Characteristically, the regents were not natives of the areas to which they were assigned. Being tied both to the Privy Council and to local areas, the regents were effective instruments for insuring local observance of national economic, social, and fiscal policies. By the beginning of the eighteenth century, the regents had associated with them administrative councils for their areas, composed of national field agents.

Simultaneously with the development of the local regents and their administrative councils, there developed war commissariats scattered throughout the country, whose concern for financing, feeding, billeting, and clothing the armed forces of the military-minded Prussian state made them strong rivals of the regents and councils. As friction between the rival establishments increased, the successive kings issued ineffectual mandates directing the commissariats and councils to confer with each other in order to avoid wasteful competition, and even introduced royal arbitration of individual jurisdictional conflicts. Despairing of these measures, the king ultimately merged the councils and the commissariats. As a result, the more aggressive war commissariats gained dominance over the councils, and the Prussian field service became even more of a centralizing force.[2]

[1] *Cf.* Bloch, Marc, "Feudalism: European," *Encyclopedia of the Social Sciences*, Vol. 6, pp. 203-210; Shepard, W. J., "Centralization," *ibid.*, Vol. 3, pp. 308-312; Finer, Herman, *Theory and Practice of Modern Government*, pp. 1223 *ff.*, London: Methuen, 1932.

[2] *Cf.* Finer, *ibid.*, pp. 1190-1195, 1202.

British Development. Considerably before the European continent emerged from feudalism, England had established the ultimate dependence of all lords and lords' vassals upon the king. Accordingly, she never was driven to provide the continental type of counterpoise to the decentralized structure of feudalism—an army of intendants or regents administering local areas on behalf of the king. Instead centralist tendencies took the form of local sheriffs designed both to represent the king and to protect the rights of local self-government against encroachment by feudal lords; or of justices of the peace appointed by the king from among local landowners. However, popular prejudice against the sheriffs as local representatives of the king resulted in decay of the sheriff's office. Subsequently, the attempt to use local justices of the peace as royal administrative agents came to an end with the civil wars of the seventeenth century. Thenceforth the justices were virtually uncontrolled by London.

Throughout British development, emphasis was placed on struggles over policy formation and therefore over the role of Parliament. The relatively lighter stress placed upon the machinery through which policies would be administered may account for the British failure to follow the continental pattern of field integration. In recent times, extension of the national government to the field has been through the individual functional departments, not through agents representing the whole national administration in particular areas[3]

Expansion of Federal Functions. In modern times particularly, it is difficult to disentangle the motives, or for that matter the results, of the growth of field services. To some degree the centralizing factor—so conspicuous in the modern origins of field organization—persists, often with emphasis upon supervision of local governments At the other extreme is a conscious effort by national governments to permit adaptation of administration to the needs and aspirations of particular regions—in other words, to decentralize the execution of policies that must be formulated nationally. A third, and perhaps most important factor in the growth of field organization, is simply the need to get particular functions performed, with all conscious theorizing about centralization and decentralization pushed aside.

This third factor has dominated the development of the field service of our federal government. In the United States, the centralization-decentralization dispute has centered on the respective powers of the Union and the states. The federal field service has been generally accepted as a necessary and unobjectionable complement to those powers that are in fact exercised by the national government. That explains, from the historical standpoint,

[3] *Cf* Bloch *loc cit* above in note 1; Dhonau, May L, *Decentralisation in Government Departments*, p. 5 *ff*, London Institute of Public Administration, 1938; Finer, *op cit.* above in note 1, pp. 1281-1291 For German, French and British experience, see also Special Committee on Comparative Administration, Committee on Public Administration, Social Science Research Council, *Memorandum on Regional Coordination*, pp 13 19, 26-43, Washington March, 1943

why the bulk of these field services evolved for such functions as carrying the mail, collecting federal taxes, prosecuting and trying legal cases under federal law, protecting the frontiers, and building and repairing the ships of the Navy. In fact, the story of the growth of the federal field services in this country parallels almost directly that of the expansion of functions of the national government. In many ways the most interesting phases of field administration developed only after the federal government undertook important and varied regulatory responsibilities and adopted spending programs designed to equalize and support with national resources the social and economic opportunities of the citizens of the several states.

A case in point is the United States Department of Agriculture. Although established in 1862, the early concentration of this department upon research and reporting meant that for many years there was no need for a large staff, either in Washington or in the field. Even in 1905, all functions could be performed by about 5,000 employees, 70 per cent of whom were stationed in the field. Only two of the department's bureaus had extensive field services. Yet, in 1939, the demands of regulatory, promotional, and research functions had so multiplied that the employees of the department numbered 82,000—sixteen times the figure for 1905—while 85 per cent of this total number were in the field service. In the period since 1905, field employment had increased both absolutely and relatively, reflecting the growth and changing nature of the department's responsibilities.[4]

Thus expansion of the service and regulatory functions of government underlies much of the expansion of field services. Indeed, the very fact that national policy could be administered in the field—away from Washington—undoubtedly made more palatable the idea of federal assumption of much policy-making that earlier had been thought to belong to state and local governments. Similarly, state assumption of local functions has often been followed by arrangements for having these functions administered either through field agents of the state government or through local governments themselves serving in effect as arms of state administration.

Technological Progress. Particularly in the fields of transportation and communication, technological progress has played an important role in the expansion of field services. Technology converts local commerce into national commerce, and so both furthers the shifting of regulatory and promotional functions to the national government and necessitates expansion of the government's field services. It also affects directly the ease of contact between citizens and the national capital and between field agents and the central government. In fact, the facility with which Washington officials

[4] Truman, David B., *Administrative Decentralization*, pp. 36-41, Chicago: University of Chicago Press, 1940. For an account of the growth of the functions of the Department of Agriculture, see Gaus, John M. and Wolcott, Leon C., *Public Administration and the United States Department of Agriculture*, pp. 3-90, Chicago: Public Administration Service, 1940.

and citizens in all parts of the country can directly communicate with one another even relieves some of the pressure for establishment and expansion of field services. Some federal agencies either rely entirely on their functional divisions at Washington for operating their programs or merely establish regional divisions within their Washington headquarters.

Paralleling this easing of central headquarters-citizen contact, however, is the strengthening of bonds connecting departmental officials with their field personnel. Through telephone, telegraph, and teletype, through air mail and regular mail, and through air and train travel, field agents and central headquarters are in daily contact. In practice, this encourages the expansion of field services, for central officials need have no fear of losing control by setting up field offices [5] By the very fact that advances in communication and transportation remove distance as a barrier to central control, they are centralizing influences. Yet, at the same time, they permit creation of a field structure within which decentralization of authority can go forward without impairing the ultimate responsibility of departmental headquarters for the agency's total program and operations.

Scope of Field Organization. The most perplexing and important problems of field organization in this country arise naturally in the federal government, since its functions extend over greater territory than do those of the states Nonetheless, the states are also faced by the necessity for field organization In general, the states have lagged considerably behind the federal government in the development of extensive field services. This has been attributable to several factors. (1) the relatively short distances between the state capital and the other communities in the state, with the result that administration directly from the capital was in most cases reasonably satisfactory; (2) the extent to which governmental functions were performed by counties, towns, and special districts; and (3) the less satisfactory state personnel situation, where in many departments employees could not be spared for the staffing of field offices.[6]

For all the obviousness of the need for extending administration through field services, it is generally startling to look at the statistics that demonstrate governmental response to this need. In the federal government, for instance, nine employees are stationed in the field for every employee stationed in Washington. Of the total of almost 2 4 million federal em-

[5] Nonetheless, there is some indication that field officials in the Far West, being visited less frequently by Washington officials and themselves appearing at Washington less frequently than eastern field officials, have a greater independence of central direction

[6] On state field services and the related problem of administrative areas, see Hansen, G H, *A Regional Redistricting Plan for the State of Utah*, Provo Brigham Young University Press, 193" Menefee, Selden C *A Plan for Regional Administrative Districts in the State of Washington* Seattle University of Washington, 1935, Uhl, Raymond, "Administrative Regions in Virginia," *Public Administration Review*, 1942, Vol 2, pp. 50-63; Hinderaker, Ivan, *The Administrative Districts and Field Offices of the Minnesota State Government*, Minneapolis University of Minneapolis Press, 1943

ployees in April, 1946, about 237,000 were stationed in Washington and 2,163,000 in the field. The agencies with the largest number of field employees were, in the order of size of field personnel, the War, Post Office and Navy Departments, all with fields staffs of several hundred thousand; and, with less than 150,000 employees in the field, the Veterans Administration, the Treasury Department, the Department of Agriculture, the Interior Department, the Office of Price Administration, and the War Assets Administration.[7]

2. Centralization and Decentralization

Approach to Decentralization. Since field organization has developed in the United States not through any master plan but in response to the needs of individual departments and bureaus, naturally there is diversity among the methods of field administration. Yet, within virtually every agency will be found such basic problems as these: the proper degree of decentralization of authority; the conflict of interests between functional experts at headquarters and general administrators in the field; the basic need for intelligent and sympathetic handling of relations between headquarters and the field; and the complexities of managing a field structure having two or even three successive levels. Each of these intra-agency problems will be considered in turn.

The question of the degree to which authority should be delegated to field agents requires an appreciation of the character of field organization as a facility susceptible of different uses. It is an efficient tool for either centralization or decentralization of authority. Whether or not decentralization—or deconcentration—actually characterizes a given field service may be discerned from observation of the frequency with which field offices must refer matters to central headquarters for decision; the number and specificity of central regulations and orders governing field work; the provision for citizen appeal to headquarters for overruling of field decisions; the degree to which all of the agency's field activities within each geographic area are directed by a single field official; the volume of decisions and variety of functions of the agency; and the caliber of field officials.[8] Since authority stems initially from the center, decentralization requires positive action. Lack of this sort of action results in centralization. For such representative functions as those involving the grant-in-aid and the agricultural programs,

[7] United States Civil Service Commission, *Monthly Report of Employment: Executive Branch of the Federal Government*, April, 1946. It should be noted that during World War II several central services were removed from the congested national capital.

[8] See Truman, *op. cit.* above in note 4, pp. 56-58, 159; Dhonau, *op. cit.* in note 3, p. 16; *Lilienthal*, David E., *TVA: Democracy on the March*, p. 161, New York: Harper, 1944.

the federal government has generally failed to delegate broad authority to its field agents.[9]

The factors that usually control the degree to which an agency centralizes or decentralizes its authority fall under four broad headings (1) the factor of responsibility; (2) administrative factors; (3) functional factors; and (4) external factors[10]

Factor of Responsibility. The principle of administrative responsibility acts as a general deterrent to the decentralization of administrative authority The principle itself is familiar Every agency head in the federal government is answerable for his general administrative program to the President, Congress, and the people. He is responsible to central budgetary, accounting, auditing, and personnel agencies and to the courts for the integrity and legality of his agency's operations. He can also be pilloried at any time by the press, committees of Congress, and political enemies for right or wrong decisions made by him or his subordinates, however picayune the matter

As a result, agencies hesitate to delegate broad discretionary authority to field officials, who are thought to be less readily controlled than officials regularly stationed at the capital The effects of this system of responsibility, though well nigh universal, are more acute in some agencies than in others. An instance is the Public Works Administration, which, because it performed an activity traditionally open to the dangers of corruption and graft, set up a highly centralized organization.[11]

Administrative Factors The second main cluster of factors influencing decentralization is administrative in character, specifically: age of the agency, stability of its policies and methods, competence of its field personnel, pressure for speed and economy, and administrative sophistication. The age of the agency is basic to several of the other administrative factors mentioned Time is required for a new agency to get well staffed and organized at headquarters, for key officials to get used to working together, and for an *esprit de corps* to develop that will support high morale in the

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[9] See Key, V O, *The Administration of Federal Grants to the States*, p 222, Chicago Public Administration Service, 1937, Truman *op cit* above in note 4, p 195, Vieg, John A, 'Working Relationships in Governmental Agricultural Programs' *Public Administration Review* 1941, Vol 1, p 146 *Cf* also Appleby, Paul H, *Big Democracy*, p 100, New York Knopf 1945 A rough grouping of centralized and decentralized agencies is suggested in Fesler, James W, Federal Use of Administrative Areas *Annals of the American Academy of Political and Social Science* 1940 Vol 207, p 114

[10] The itemization and discussion of individual factors here presented are based in part upon Gulick, Luther Notes on the Theory of Organization, in Gulick, L and Urwick, L, eds *Papers on the Science of Administration* p 29 *ff*, New York Institute of Public Administration 1937, Truman *op cit* above in note 4, p 17 *ff*, Wallace, Schuyler, *Federal Departmentalization* pp 133 144, New York Columbia University Press, 1941, Dhonau, *op cit* above in note 3, p 13 *ff*, 135 and Fesler, *loc cit* above in note 9, p 114

[11] See Williams J Kerwin, *Grants in Aid Under the Public Works Administration*, p 99, New York Columbia University Press, 1939

field. Organization and staffing of a field service, and delegation of authority to it, must generally await the clarification of organization and authority at the center.[12] And even after a field service is organized and staffed, time must often be allowed for the field service to prove itself worthy of the confidence of headquarters officials—a confidence that is a prerequisite of willingness to decentralize.

Stability of policies and methods is fundamental. As long as headquarters itself is in a ferment over the policies to be pursued by the agency, it is idle to talk of decentralization. In some instances, furthermore, it is only by temporary centralization of all decisions that headquarters can reach the point of establishing a pattern of policies on the basis of which decentralization can then go forward.[13]

Agencies differ in the degree to which they can crystallize and stabilize policies and methods. May L. Dhonau has suggested that the judicial type of administrative work can be decentralized more extensively than other types of activity.[14] Examples would be the settlement of claims to unemployment insurance benefits and veterans' pensions. For the great mass of such cases that are filed by citizens, the answer is provided either in the statutes and regulations or in precedents established at headquarters early in the agency's life. Only the unusual cases need be referred to headquarters for central decision.

The competence of field personnel is a third administrative factor governing readiness to decentralize. At the heart of the disinclination to delegate substantial authority lies the conviction of many officials that only they themselves have the ability to do the job as well as it should be done. To dissuade them from this point of view requires, among other things, a demonstration that others, both at headquarters and in the field, can do important parts of the job competently. The field officials must have the confidence, not only of the top executives of the agency, but also of the functional specialists down the line. The fact that a field office can rarely

[12] In the Works Progress Administration, however, the internal organization of state offices was crystallized well ahead of clarification of Washington organization. See Macmahon, Arthur W., Millett, John D. and Ogden, Gladys, *The Administration of Federal Work Relief*, p. 208 *ff*., Chicago: Public Administration Service, 1941.

[13] An instance is provided by the Forest Service's centralization of certain phases of recreational use of national forests until new policies and standards could be developed. See Loveridge, Earl W. and Kephinger, Peter, "Washington-Field Relationships in the Forest Service," in the symposium entitled *Washington-Field Relationships in the Federal Service*, p. 33, Washington: United States Department of Agriculture Graduate School, 1942.

[14] *Op. cit.* above in note 3, p. 135. If central instructions are too precise, of course, no true decentralization could ensue, since there would be no significant discretion to be exercised in the field despite the volume of transactions conducted there. For the contrast presented in the inability of the Office of Production Management to decentralize, see Carey, William D., "Central-Field Relationships in the War Production Board," *Public Administration Review*, 1944, Vol. 4, p. 35. On all the administrative factors of decentralization this article offers a valuable case study.

demonstrate as much *technical* competence as the specialized divisions at the agency's headquarters is a chief deterrent to decentralization.[15]

An illustration of the interrelationships of such factors as responsibility, age of agency, stability of policies and methods, and competence of field personnel is afforded by the Public Works Administration. After two years of centralized administration—imposed in part, as we noted, because of fear of graft and consequent exposure to political repercussions—the agency decentralized the settlement of many problems. This was practicable, in the opinion of top Washington officials, because legal, engineering, and financial examiners with experience in the central office could be stationed in the field offices, where their analyses and action on project applications would be both competent and in conformity with uniform national standards.[16]

Problems of decentralization are complicated by a fourth administrative factor, the need for speed and economy in administrative operations, both to satisfy citizens as clients of the agency and to meet budgetary and efficiency goals of the agency itself. The Disbursement Division of the Treasury Department, for example, decentralized its certification and payment of field payrolls of most federal agencies and, during the depression of the 1930's, its payment of relief checks. This was done in order to relieve the Washington office of the heavy administrative burden and accelerate the discharge of the government's financial obligations, thus providing speedier service for those to whom the federal government owed money.[17]

Many other agencies have realized that officials stationed permanently in particular regions with authority to take action on behalf of the agency will generally have lower travel and communication costs than headquarters officials in a highly centralized organization. Their space costs may be lower than those in the crowded capital. Citizens will generally appreciate the opportunity to deal with a near-by official rather than with a central bureau that can be visited only at considerable personal expense.

Administrative sophistication, particularly with regard to management of a field service, is a final factor influencing decentralization. Age is, of course, a contributing element, for—as has been pointed out—an agency must often develop its principles of field administration in an experimental fashion and then wait for their crystallization as a condition to sound understanding of both subject matter and administrative problems by central and field personnel. This requires time, but it also requires a highly intelligent and constructive approach by all key officials. A professional approach is needed to such questions as the relative values of centralization and decentralization, the respective roles of functional experts and general administrators, the techniques for breaking down barriers to mutual collaboration between central headquarters and the field service, and the appro-

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[15] See Carey, *loc. cit.* above in note 14, p. 35.

[16] See Williams, *op. cit.* above in note 11, p. 93; Key, *op. cit.* above in note 9, p. 226.

[17] See Truman, *op. cit.* above in note 4, p. 29 *ff.*

priate distribution of functions and authority in a two-tier or three-tier field organization. Given a mature approach, an agency may overcome many of the apparent obstacles to decentralization.

Functional Factors. While factors of responsibility and administration set limits to the feasibility of centralization and decentralization for individual departments, the most marked variations among governmental agencies result from the third major group of factors—those concerned with functions. Here the factors involve answers to such questions as these: How great a variety of distinct functions does the agency have? How essential is technical specialization in the agency's work? Does the function require national uniformity or diversity among regions and localities?

The variety of functions an agency performs may affect its readiness to decentralize operations. An agency with a single function has a relatively simple problem of analysis and decision in order to determine the appropriate degree of decentralization. But if an agency performs a variety of functions, each of its central divisions may insist on a separate set of field offices and districts, may have quite contradictory views on the urgency or the extent of decentralization, and may violently oppose control of its field agents by a field official representing the department head or his chief of field operations.

Reconciliation of these different viewpoints may be impossible, with the result that either no decentralization occurs or each division decentralizes as it chooses. In the latter event, the very failure to get agreement on an integrated field service for the whole department may retard the process of decentralization. The department head, with full coördinative authority over officials in Washington but no coördinative machinery in the field, may very well fear the possibility of inefficiency, duplication, or direct conflict if division heads delegate a large degree of authority to their field representatives. It is also true that in cases where two or three divisions need to reach joint decisions, the level in the hierarchy of all three where the decisions will be made will be dictated by the structure of the least decentralized division. Consequently, one or more divisions will always act as "drags" on the decentralization of other divisions in a department performing a variety of functions.

In some agencies there is a pressing need for technical specialization. This, particularly in a small agency, usually handicaps attempts to decentralize the work, as a simple comparison will make clear. If for a certain purpose an agency is allowed to have a payroll of fifty employees, it is able to concentrate the fifty positions in a central staff within which there can be both general administrators and groups of specialists such as engineers, chemists, and budget and personnel experts. Or it may want to open perhaps forty district offices in the field and assign to each office one employee representing the whole agency in all of its specialized aspects, leaving only ten at headquarters. This means that both at headquarters and in the

field practically all positions will have to be filled by employees who are not trained for any of the specialities that could contribute materially to an intelligent job of administration

Ready examples from recent experience are afforded by the Office of Price Administration and the War Production Board At Washington, each agency had an expert on almost every industry and commodity in the United States But to duplicate this range of expertness in field offices was out of the question It is a general rule that no agency has in each of its field offices as great a range of specialization as is represented in its headquarters staff This necessarily acts as a bar to decentralization by agencies requiring the services of technical personnel in reaching most of their decisions

Variety of functions and need for technical specialization are complemented by a third functional factor—the degree of need for national uniformity as contrasted with the need for regional and local variation. This factor goes to the heart of differing philosophies of government It also raises the difficult problem of how to measure the relative efficiency of differing administrative techniques Thus it is perhaps both the most basic and the least tangible of all the factors bearing on decentralization The fact that a function is within the legal jurisdiction of a central government does not mean that its administration cannot be decentralized Often functions are shifted to the central government because financial or personnel resources are greater there than at lower governmental levels; because policy formulation needs to be centralized; or because the central government must be looked to for assumption of ultimate administrative responsibility on the highest level However, unless there are affirmative reasons for absolute uniformity in detailed operations as well as in general decisions of the agency, authority can generally be decentralized to field agents

The most obvious need for diversity in administration of a function arises in agencies affected by differences in the physical characteristics of the various parts of the country Agricultural, forest, and water-resource activities are examples On the other hand, the principal drive toward centralization comes from insistence that when privileges and penalties are being dispensed or rights determined, equity requires an identical administrative decision in every identical set of circumstances, whether the case arises in Oregon, Louisiana, or Maine Since administrative decisions often involve general elements of judgment, this degree of uniformity cannot be assured under a decentralized system permitting each field agent to reach independent conclusions on the cases arising in his district Examples of functions demanding uniformity on a national basis are the administrative adjudication of veterans' claims for compensation, the review of tax returns, and the determination of the relative importance of various products in the war procurement program

External Factors A final group of factors bearing on the centralization

decentralization controversy still calls for discussion. It concerns the need for an agency to look beyond its own internal operations to external problems. The most important are the necessities for bringing the citizen into the administrative process, collaborating with other federal, state, and local agencies, and adapting field activities to political pressures.

The first of these factors may be referred to as the degree of need for support, participation, and representation at the "grass roots" of democracy. If support of a large number of citizens is requisite to successful administration—as was true of the farm production program and wartime rationing and conscription; or if their participation is needed to impart wisdom to the local decisions made—again a factor in these three programs; or if national policy-makers at Washington need vigorous representation of regional points of view so as to avoid development of unrealistic and extravagantly uniform national plans, then under such conditions a decentralized organization is likely to develop.[18]

The degree of need for collaboration with other federal, state, and local agencies is a second external factor in decentralization decisions. Other things being equal, an agency's decisions should be made at the level of authority that is most convenient for other agencies participating in the decision-making process. This means that if federal agencies *A* and *B* have a number of joint activities, their regional officials must have reasonably similar grants of discretionary authority It means further that if the program is one of federal aid to the states, the federal agency administering the program will probably need to establish regional or state offices that have the staff and authority to consult with the state governments and give them final answers on many important questions. Similarly, pressure for a degree of decentralization develops when an agency's field officials are invited to participate in a regional planning commission or to collaborate with an establishment promoting regional development, like the Tennessee Valley Authority Nonetheless, it is probably true that the need for collaboration with other agencies and groups exerts only a secondary influence on a department's determination of the desirable degree of decentralization

Finally, among external factors, political aspects must be considered. Since the strength of our political parties lies in their state and local organizations, there is some danger that field officials of the federal government will come under heavy local pressures from the powers that be. This is the case especially if the field officials have a large degree of discretion in such matters as the appointing of employees, awarding of contracts, and making of money grants or loans of one kind or another to individuals. The problem is particularly acute if patronage governs the selection of key field officials such as state administrators of federal agencies. Indeed, it

[18] See Lilienthal, *op cit* above in note 8 pp 156 161 and regarding agricultural land use planning programs, Vieg, *loc cit*, above in note 9, p 146

has been pointed out that in the Works Progress Administration "there were occasions when state and district administrators took the attitude that their primary allegiance was to the local political interest that had obtained their appointments rather than to WPA headquarters in Washington."[19]

Generally, field work is more susceptible to political inroads than departmental work in Washington. Able agency heads consequently may shy away from extensive decentralization, lest they be forced to appoint a large number of politically sponsored employees. By the same token, an able Washington staff saddled with a political field staff may be anxious to withhold grants of real power to the field.

In sum, then, central administrators confronted with the problem of how far to go in decentralizing individual activities are likely to be influenced by some or all of the factors here reviewed.

3. Field Headquarters Relations

The preceding discussion has suggested certain fundamental requisites for the maturing of field headquarters relations in an agency. It may be well to restate them. They are the adjustment of the conflicting interests of functional experts and general administrators, the development of methods for improving mutual field headquarters understanding and respect, and discovery of a firm formula to govern relations within a complex, multilevel field organization. These are all problems that arise in every field service, whether authority be centralized or decentralized.

Rivalry of Functional Experts and General Administrators. The most fundamental of the three problems is the rivalry of functional experts and general administrators. Each agency's headquarters office is subdivided into specialized units dealing with different programs, techniques, controls, and services. Some of them are so-called line or operating divisions, responsible for important segments of the agency's program. Some contribute special skills, such as engineering and statistics. Others exercise management control or perform managerial services, such as budgeting, personnel, and space allocation. But each of the main divisions is responsible to the agency head or to one of his chief deputies. Each has an institutional pride and enthusiasm for its own part of the total program. Each—as can be understood—would dislike to see important phases of its work performed or directed by other divisions and officials. In fact, to such extent as a division cannot actually perform or direct the work falling within its subject matter specialty, a modification, if not a breakdown, occurs in the system of responsibility.

When an agency's program is projected into the field there arise two basic alternatives. Each division may be allowed to set up its own field service and directly control the performance of the division's functions in

[19] Macmahon, Millett and Ogden, *op. cit. above* in note 12, p. 279, see also pp. 269-291.

the field. On the other hand, the whole agency may organize an integrated field service, with each regional, state, and district director held responsible for all agency functions performed in his assigned territory The first alternative has the defect that execution of the agency program is not integrated in each field area. The second alternative has the defect that functional divisions at headquarters have no direct control over execution of their subject-matter programs in the field. A major problem of administration is to avoid the impasse between the apparently irreconcilable positions of function and area, of functional experts and general administrators.

The solutions found to this dilemma stem in considerable measure from the character of headquarters organization. If the agency head is weak, or if the agency is a mere confederation of unrelated functional divisions with no really joint objective or program, the functional point of view is likely to prevail over the agency-wide point of view in field organization. Many a federal department embraces so wide a range of functions and includes such powerful and tradition-encrusted bureaus that any single department-wide field structure seems out of the question. Difficult as has been the establishment of agency-wide areal coördination by the Social Security Board,[20] the task of overcoming functional pulls in such quasi-departments as the Federal Security Agency, of which the Social Security Board has been but one of a number of constituent parts, is clearly almost impossible.[21]

Sheer size of the administrative task, often but not always a companion of multiplicity of autonomous bureaus and distantly related functions, may also be a deterrent to real agency-wide field coordination. The volume of orders and informational paper that would have to flow to field coordinators if functional lines of authority were suppressed in such an agency as the United States Department of Agriculture is fearful to contemplate.

In general, though, it may be concluded that the ability of a department's field coordinators to integrate its functions for given areas of the country will depend heavily on the strength of the department head *vis-à-vis* his bureau heads, and on the inherent need for integration of departmental functions because of their subservience to a single purpose.

Lanes of Command. Establishment of an integrated field service by no means ends the problems of function versus area. For there remains a never-ending tussle over the extent to which the agency's regional director must take orders from functional divisions at headquarters. This applies also to the amount of direct contact that will be permitted between regional functional divisions and their central prototypes. There are really only

[20] See Mitchell, W. L., "Washington-Field Relations in the Society Security Board," in *op cit* above in note 13, p. 44.

[21] See, however, Roseman, Alvin, "The Regional Coordination of Defense Health and Welfare Services," *Public Administration Review*, 1941, Vol. 1, pp 432-440

two choices, because complete autonomy for the regional director is unattainable.

One choice is to require that all programs and major orders clear through the administrative hierarchy, while technical advice is handled directly between central functional divisions and their regional counterparts. On main instructions to the field, the central functional divisions would make recommendations to the agency head or his deputy. The latter, on the basis of these recommendations, would transmit to his regional directors such orders as he, a general administrator like the regional directors, deemed desirable. The regional director in turn would see that the orders were executed by his regional functional divisions. In this pattern, the functional officials are subordinated at each step to the general administrators.

The alternative method, called "dual command," appears at first glance to be almost indistinguishable from the relationship just described. However, the difference is that between subordinating functional specialties to general administration and recognizing "a double line of control."[22] Under such dual command, regional functional experts must look for orders both to the regional director and to the functional divisions at headquarters.

Again, as in the question of the feasibility of decentralization, no single formula will fit all agencies. Too much depends on the unity of purpose of the particular agency and the consequent need for integrating all of its functions.[23] A great deal depends also on the effectiveness with which the needed integration is actually achieved by a strong agency head. If headquarters is simply a tent under which autonomous bureaus are gathered for mere appearance's sake, there is no possibility of a strong regional director being able to challenge the flow of "technical"—as distinguished from "administrative"—commands.

If the agency really has a single purpose, requiring that its functions be geared together, the need for a strong hierarchy of general administrators built into both the headquarters and field organizations is great. A single-purpose agency has, in addition, the incidental advantage that its regional directors can be men and women with some specialized training, able to command respect from the functional divisions. On the other hand, a wide-ranging agency like the Social Security Board must choose "generalists" whose contributions to administration the functional experts tend to underrate.[24]

In practice, the dynamism of functional divisions and the professional bond between the staff of each such central division and its regional counterpart weight the scales against the general administrators. This combination of influences tends to reduce regional directors to mere providers of

[22] Macmahon, Millett and Ogden, *op. cit.* above in note 12, pp. 265-267.

[23] See Stone, Donald C., "Washington-Field Relationships," in *op. cit.* in note 13, p. 16.

[24] See Mitchell, *loc. cit.* above in note 20, p. 43.

common facilities such as space, stenographic pools, and mail routing; freely available speech-makers; and recorders of what goes on—the field "eyes and ears" of headquarters. The centrifugal force of the functional divisions has been so strong that the administrative problem has nearly always been how to strengthen the regional director, and seldom how to increase the role of the functional divisions.[25]

Personnel Policies. Whatever the basic formula hammered out between generalists and functionalists may be, an agency has day-to-day problems of headquarters-field relations, most of which revolve about four issues: personnel policies; the headquarters office of field operations; communications; and control. In the case of personnel policies, field relations are often muddied by jealousy over relative salaries. In the Work Projects Administration in March, 1937, for example, the average annual salary for Washington was $2,251, but the average salaries for the state and district offices were respectively $1,633 and $1,401.[26]

A regrettable lack of mutual understanding also develops when there is no exchange of personnel between headquarters and field stations. The Bridgeman Committee on reform of the British postal service put both of these problems bluntly when it recommended, "As a rule no officer should be appointed to an administrative position of importance at Headquarters without a thorough training in, and experience of, work in the Provinces. There should be no difference in status between the administrative Staff at Headquarters and in the Provinces."[27] The free movement of personnel, both vertically and horizontally, is necessary not only to increase awareness of field problems at headquarters and to open opportunities of promotion for field staff members, but also to counteract provincialism within field districts.[28]

Transfer of field personnel among districts can both widen opportunities for promotion and overcome provincialism. However, in the Social Security Board, each regional office having a vacancy tended to resent the passing over of its own staff members in favor of some one from another region.[29] The national movement of personnel is also handicapped by the need for placating sectional prejudices by the appointment of natives to regional offices, and by the value to an agency of regional representatives who are thoroughly acquainted with the agency's clients in the region and

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[25] See Great Britain, Citrine Committee on Regional Boards, *Report*, p. 7 *ff.*, Cmd. 6360, London 1942; Dhonau, *op. cit.* above in note 3, p. 95 *ff.*, 153; Key, *op. cit.* above in note 9, p. 219 *ff.*; Williams, *op. cit.* above in note 11, p. 94; Fesler, James W., "Areas for Industrial Mobilization, 1917-1941," *Public Administration Review*, 1941, Vol. 1, pp. 149-166.

[26] See Macmahon, Millett and Ogden, *op. cit.* above in note 12, p. 229.

[27] Quoted in Dhonau, *op. cit.* above in note 3, p. 97; for Miss Dhonau's concurrence, see p. 154. For United States Department of Agriculture experience, see Truman, *op. cit.* above in note 4, p. 194.

[28] Such provincialism "is one of the most frequent causes of misunderstanding or friction in central-field relationships." Loveridge and Keplinger, *loc. cit.* above in note 13, p. 32.

[29] See Mitchell, *loc. cit.* above in note 20, p. 48.

sensitive to the more subtle regional trends.[30] A fortunate countervailing tendency is the fear of an agency, such as the Public Works Administration, that a field administrator might favor, or be accused of favoring, his own state or region. The solution hit upon in this agency was "for the administrator to be chosen from outside the district in which he was to serve, despite the danger that he might be unfamiliar with local conditions and unacceptable to the local officials with whom he should work harmoniously."[31]

Headquarters Office of Field Operations. A second major issue of headquarters-field relations is the role and status of the headquarters office of field operations. In theory, as we have seen, the principle of the single chain of command requires that regional directors receive all important orders from the agency head, not from the functional divisions. Yet the agency head rarely can give personal attention to each of these orders. Hence he often establishes an office of field operations through which all functional and other orders proposed for issuance to the field must be cleared, the field viewpoint may be reflected to headquarters for staff discussions, and the agency head can maintain administrative supervision of field operations.

The dangers inherent in this solution are several. The office of field operations may become procedure-minded and fail to develop a broad appreciation of the total agency program. It may lack the prestige and broad-gauged personnel needed for effective participation in policy councils at headquarters. It may overstep its authority by captiously revising programs that have been developed by functional divisions. And, by barring direct contact between regional directors and headquarters officials, it may depress field morale and undermine central-field understanding.

As the Work Projects Administration discovered, there is in a sense no distinguishable division of activity to justify the label of field relations. Instead, every division at headquarters is concerned with field relations and must somehow be linked with the other divisions in a collaborative endeavor to get the agency's objectives realized through the field service. One of the most promising wartime experiments of this character was the Operations Council of the War Production Board. It brought together regularly the operations vice-chairman of WPB, the regional directors, the heads of functional divisions, and the head of the office of field operations. In addition, the regional directors caucused separately, with a view to pointing up issues that should be brought to the attention of the chairman of WPB.

Problems of Communication. This suggests the third problem of central-field relations—that of communication. The formal pattern for communication from headquarters to the field is established by such rules as

[30] See Key, *op. cit.* above in note 9, p. 92, 106 *ff.*

[31] Williams, *op. cit.* above in note 11, p. 72.

"orders must flow through the office of field operations," and "advice may flow directly from functional divisions at headquarters to their counterparts in the field." But this formalization of channels by no means meets fully all problems. How are regional administrators to keep informed of the flow of technical advice to their subordinates? How can field officials be given adequate understanding of the total program of the agency? How can functional divisions be prevented from dropping "paratroops" into regions to perform special brief assignments—or how can this practice at least be kept from undermining the regional director's responsibility for all agency activities in the region? How can field officials be apprised of central decisions in advance of their appearance under headquarters datelines in the region's newspapers? How can headquarters answers given directly to officials of state and local governments, business corporations, and private citizens, be kept consistent with the answers of regional offices to the same people? And how can headquarters be kept informed of communications among regional offices? In addition, there is the important and puzzling question of the volume and type of reports that field officials must file centrally to keep headquarters informed of developments all over the country and to facilitate effective supervision over the field services.

Despite the variety and difficulty of these communication problems, the most fundamental question is probably that of how field officials can be brought to play a constructive part in the formulation of agency policies and procedures. Few able officials are content to be mere executors of central instructions, or mere pedestrian writers of weekly reports "to keep headquarters informed." As Donald C. Stone says, "Policy, programs, and procedures must be developed and constantly revalued in terms of operating and administrative experience, and, with a few exceptions, this experience is taking place in the field."[32] Two things are called for: the consultation of field officials by headquarters in the development of national policies; and the devolution of planning authority, so that, as in the Forest Service, officials at each administrative level—national, regional, and subregional—will have planning tasks appropriate to their assigned areas and interlocked with the plans of the other levels.[33]

Controls Over Field Organization. The need for rigid headquarters controls may be in roughly inverse ratio to the success with which communication problems are solved and real understanding is developed between headquarters and the field.[34] Nevertheless, communication is never so perfect as to obviate the need for all controls.

The three principal methods of headquarters control are advance review,

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[32] *Loc. cit.* above in note 23, p. 18.

[33] See Loveridge and Keplinger, *loc. cit.* above in note 13, p. 31.

[34] See Truman, David B., "Headquarters and the Field," *Public Administration Review*, 1942, Vol. 2, p. 359. *Cf.* also Carey, William D., "Control and Supervision of Field Offices," *ibid.*, 1946, Vol. 6, pp. 20-24.

reporting, and inspection. Advance review interferes to some degree with full-fledged decentralization, for it means the referral of matters to headquarters for decision. An example would be the requirement that each field office do all the investigation of a case arising in its area, but refer the case, with its recommendation and supporting data, to headquarters for the actual decision. Differing only in degree is the initial decision of a case in the field, with the citizen having a ready course of appeal to headquarters. On the management side, advance review can mean control of budgets, personnel transactions, space allocation, and other managerial facilities.

Reporting, which has aptly been termed a device of "remote control," places reliance on statistical and narrative accounts submitted by field officials to headquarters. Through these reports, comparisons can be made among field offices to check on efficiency and to spot successful experiments deserving of application by all field offices. Headquarters can also set field offices straight on any problems raised in their reports, and direct them to change unsatisfactory practices.

A chief problem in reporting as a tool of control is that its utility depends so much on the very officials over whom control is being attempted. Few of them will consciously report adversely on their own operations. Consequently, the device of "remote control" is most appropriate for those agencies whose field work can be meaningfully measured in quantitative terms[35] and for whom, therefore, the form and content of reports can be prescribed beyond any ability of the field official to escape self-revelation of his errors. Even in such agencies there are instances, like the Work Projects Administration, where politically appointed field administrators are so distrusted that statistical reporting is set up outside their control, pending at least the maturing of reporting methods to the foolproof stage.[36]

Inspection is essential to effective central control, yet it is a constant irritant to field officials. Unless they are unusually skillful, inspectors must either be superficial and ineffective or be "snoopers" trying to get under surface appearances and consequently undermining the field staff's feeling that their office chief has the full confidence of headquarters. A field administrator tolerates with some distaste the brief visits of central agents who subsequently write reports and recommendations on matters he feels would require them months or years to master.

One device for preserving the field official's dignity is to let him see the central inspector's report and submit his own comments to accompany it. Another, and perhaps the most important, is for the inspector to be more a counselor and less a reporter or examiner of formal obedience to procedural instructions. As a counselor he may ingratiate himself with the field officials and help them with ideas on how to do a better job, prefer-

[35] See Dhonau, *op. cit.* above in note 3, p. 153.

[36] See Macmahon, Millett and Ogden, *op. cit.* above in note 12, pp. 238-240.

ably letting the ideas appear to originate with the field men themselves. The spirit animating inspection work will necessarily depend on the level of competence in the field service. Unless the field employees are reasonably able, control, rather than stimulation and encouragement, will be the motif of inspection.

Problems of Multilevel Field Organization. Somewhat distinctive problems of central-field relations arise in the multilevel field organization. In many agencies, the typical field structure involves regional offices and state or district offices, and, in some instances, a still lower level. Such a pattern develops especially among agencies having a large clientele and a large volume of field work, with the consequent necessity for local offices within easy travel distance of their clients. This may mean up to hundreds of local offices. Yet, considering the span of control, it is impossible for a headquarters director of field operations to supervise directly so many chiefs of local offices. He may meet the problem by providing himself with a large staff of assistants in his central office. Or, as is more customary, he may establish, say, a dozen regional offices as an intermediate level between himself and the local offices.

The problems coming up in such a multilevel field structure are not easily solved. If the regional office is powerful and if devolution of authority to it is the rule, headquarters will be in inadequate contact with the "firing line" of local offices. As a result, headquarters will tend to "that remoteness in high places and divorce between theory and practice which it is the very aim of decentralization to avoid."[37] Similarly, strict hierarchical principles would demand that the regional office have exclusive inspectional authority over local offices. The consequence would be that the central inspectional control—save over regional offices—would tend to atrophy. Of course, it would be dangerous to separate what a French scholar, Haurıou, has called the "noncombatants" at headquarters from the "combatants" in the local offices Despite theory, this threat has led to frequent deliberate by-passing of the regional offices. If, on the other hand, regional offices are not powerful and are inadequately staffed with experts, they become merely delay points in the transmission of matters from the local offices to headquarters, which alone has functional expertness.

There is often dispute as to whether headquarters or the regional office should determine the location and jurisdiction of local offices and appoint their chiefs. It is certainly true that regional offices, in working out their supervisory relations to local offices, confront many of the problems of internal organization that are prevalent at headquarters, such as the conflict of interest between functional experts and general administrators, and

[37] Dhonau, *op cit* above in note 3, p 134

the question of the desirability of a regional division of field relations.[38]

4 Interagency Coordination in the Field

Divergencies in Field Organization In the United States, as we have observed earlier, each bureau and agency having field functions has developed its own field service As a result, the federal government has no integrated field organization such as those established by governments of continental Europe Instead, it has well over a hundred separate field services For each of these, the sponsoring agency locates field offices, delineates regional boundaries, and determines the desirable degree of decentralization with primary reference to the administrative and functional requirements of its own operations, but with slight reference to the broader interests of the whole government

To some extent, the diversity in field organization is due to minor considerations of administrative or personal convenience, to political pressures affecting the selection of field centers, and to lack of imagination in appreciating the need for decentralization and the desirability of interagency collaboration

The importance of these influences can be exaggerated, however There are sound grounds for handling field operations in connection with agricultural production differently from field operations in taking the census, inspecting steamboats, rationing food, settling labor disputes, or supervising Indian reservations Since the clustering and the nature of the phenomena with which government is concerned vary, diversity among the field organizations for dealing with these phenomena is natural The factors to be considered in laying out regional boundaries, locating field offices, and decentralizing authority can be enumerated without too much difficulty Yet the relative weight of each factor will vary agency by agency and function by function, with the result that even a consciously logical approach to field organization will lead to differing arrangements [39]

[38] *Cf* Macmahon, Millett and Ogden, *op cit* above in note 12 pp 200 20~, 23~ 23(Hedge, A M and Benson, George C S Supervision and Inspection of Local Projects by Regional Offices, No 43 in Committee on Public Administration, Social Science Research Council *Case Reports in Public Administration* Chicago Public Administration Service 1941 Glick, Philip M and Barrows, Leland, Administrative Reorganization of a Federal Agency Elimination of Regional Offices No 87 in *ibid* 1944 Goodrich M George, WPB Decentralization Within the Chicago Region *Public Administration Review* 1944, Vol 4, pp 208 219

[39] For descriptive lists, maps, and analyses of federal administrative regions and headquarters, see National Resources Committee, *Regional Factors in National Planning and Development* pp 71 82 203 233 Washington Government Printing Office 1935 Fesler James W, Federal Administrative Regions, *American Political Science Review* 1936, Vol 30 pp 257 268 Legislative Reference Service, Library of Congress, *Federal Field Offices* pp 55 58, Senate Doc No 22, 78th Cong, 1st Sess, 1943 Division of Public Inquiries, Office of War Information, *Regional Offices of Federal Departments and Agencies* Washington, 1945

For factors relevant to agency choice of regional boundaries and headquarters, see Legislative Reference Service, Library of Congress *op cit* Fesler, James W, 'Criteria for Administrative Regions *Social Forces*, 1943, Vol 22, pp 26 32

Granting the need for diversity among field organizations, it can be pressed too far. In its extreme version, it would call for a distinctive field service for every function and subfunction of every agency, thus destroying the idea of an integrated field service, even for an agency with a single major purpose. And in cases where the need for diversity is genuine, we must still accommodate in some fashion the necessity for interagency coordination in the field. Attempts to meet this necessity have revolved about four problems: increased uniformity in the location of regional boundaries and field offices; joint action to effect economies in institutional services; coordination in the execution of programs; and coordination in the planning of programs.

Emerging Uniformities. One of the ideas most appealing to the layman is that of bringing order out of the supposed chaos of regional boundaries and field offices. Its popularity can be constructively used to bring field-service geography into greater similarity of pattern in the absence of compelling functional or administrative grounds for diversity. On the other hand, little likelihood exists of any agreement upon a single master scheme of regional boundaries to which all agencies would have to conform.[40]

Identity of regional office locations is an ideal that can be more closely approximated than identity of regional boundaries. We observe a definite preference among the thirty-three largest federal agencies for certain strategically located cities. Leading in preference are Chicago, New York, San Francisco, Atlanta, Boston, Kansas City, Dallas, Cleveland, Philadelphia, and Denver.[41] A report of the National Resources Committee arrived at the following list of cities as the ideal centers for regional planning: Boston, New York, Knoxville, Atlanta, New Orleans, Portland, San Francisco, and Denver.[42] Some large departments, even though they are not planning an early establishment of integrated field services of a department-wide character, are making conscious efforts to get bureau field offices located in common cities, and, if possible, in common buildings.

The United States Department of Agriculture, for instance, has made some progress in this direction, even looking beyond field centers to the establishment of common regional boundaries for its bureaus. However, political considerations have retarded the program.[43] Apparently the early efforts have been directed toward building up strong nuclei at Philadelphia,

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[40] *Cf.* Fesler, James W., "Standardization of Federal Administrative Regions," *Social Forces*, 1936, Vol. 15, pp. 76-81.

[41] See Latham, Earl, "Executive Management and the Federal Field Service," *Public Administration Review*, 1945, Vol. 5, p. 16. For a slightly different list of frequently chosen field centers, based on all regionalizing agencies for 1934-35, see Fesler, "Federal Administrative Regions," *loc. cit.* above in note 39, p. 265 *ff.* and National Resources Committee, *op. cit.* in note 39, p. 30, 72 *ff.*

[42] See *op. cit.* above in note 39, p. 195.

[43] See Appleby, *op. cit.* above in note 9, p. 99.

Milwaukee, Lincoln, Neb., and San Francisco. A final indication of cities likely to emerge as regional centers is the Bureau of the Budget's selection of Dallas, San Francisco, Chicago and Denver, as the location of its new field offices.[44]

Pooling of Field Resources. Whatever the ultimate compromise between uniformity and diversity in regional boundaries and headquarters will be, there will continue, as in the past, to be need for interagency coordination in the field. Historically, such coordination was earliest developed in attempts at economies in such common institutional services as office and storage space, trucking facilities, equipment, personnel, and purchasing. This was the working focus of the area coordinators of the Federal Coordinating Service and the federal business associations from 1921 to 1933.[45]

The most promising recent developments in federal administration toward interagency pooling of institutional resources in each major area and city are two. One is the decentralization effected within certain institutional service agencies, such as the Civil Service Commission and the Disbursement Division of the Treasury Department. The other is the establishment of field offices of the Bureau of the Budget. The Budget Bureau, through its field offices, is uniquely equipped to draw together in each area the institutional service agencies; to link these in turn closely to the operating agencies; and to bring pressure for economies that can result from effective handling of institutional services.

We do not minimize institutional services if we hold that if interagency coördination in the field focuses on the above objectives alone—which was largely true throughout the 1920's—vastly more important problems of administration will be overlooked. One of these is how to coordinate the execution of the programs of all federal agencies in any particular region. The elements basic to interagency cooperation in the field have been identified as: familiarity with other agencies' work; informal acquaintance; physical proximity; a specific objective; a limited number of participants; and approximately equal status of the participants.[46]

The first two elements—awareness of what other agencies are doing and an informal acquaintance with their officials in the area—can find recognition in part through luncheon clubs, such as the surviving federal business associations, the USDA Clubs of the United States Department

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[44] See the testimony of Budget Director Harold D Smith, Senate Committee on Appropriations, *Hearings* Independent Offices Appropriation Bill for 1945, p. 231, 78th Cong, 2d Sess, Washington, 1944.

[45] The field work of the Federal Coordinating Service is critically reviewed in Fesler, James W, "Executive Management and the Federal Field Service," in President's Committee on Administrative Management, *Report with Special Studies*, pp 279-282, Washington Government Printing Office, 1937

[46] *Cf* Fesler, James W, Interdepartmental Relations in the Field Service of the Federal Government, *op cit* above in note 13, pp 52-55

of Agriculture, and the war agencies' informal gatherings in Boston and other cities.[47] Field training programs, wide distribution of annual reports of all agencies and the *United States Government Manual,* and possibly the preparation of a consolidated federal annual report for each region or state, are additional ways of spreading awareness of other agencies' activities. The element of physical proximity of cooperating officials depends necessarily upon the success of the movement for greater uniformity in choice of field offices, and upon greater emphasis toward getting most federal offices in the same city into a single building.

A specific objective and a limited number of participants are essential to effective coordination. "Coordination in general" is an illusion. The greatest results come when a few officials having vital interest in some particular joint problem meet for the purpose of finding a specific answer to it.[48] Otherwise, there is no focal point for discussion and no interest capable of sustaining the coordinative effort Approximately equal status of the participants is also important, for two reasons Each cooperating official should be able to speak with a degree of authority for his agency equivalent to that of the representatives of the other agencies. This ability depends on the extent to which authority within each agency has been decentralized. Each participant should also speak with reference to approximately the same area as the other officials. This in turn depends on the degree of identity of regional boundaries marking out the jurisdictions of the cooperating officials.

Regional Coordinators. Most coordination is at present effected through direct contact between field officials of the agencies which need to gear their activities together The fact that this method appears not wholly adequate underlies the suggestions which constantly recur for establishment of some sort of a presidential agent in each region to coordinate all federal field officials in that area. The area coordinators of the former Federal Coordinating Service, subsequently the state directors of the National Emergency Council, and more recently the field office heads of the Bureau of the Budget have been the principal responses to this need. One of the main problems is to isolate the functions that such a presidential agent should perform, assuming that he cannot match the French prefect in diversity of powers

Each state director of the National Emergency Council was instructed: "(a) to operate a bureau of information concerning the federal agencies and their activities; (b) to promote cooperation among federal agencies; (c) to act as a liaison officer between the federal agencies and the state administration; and (d) to report biweekly to Washington on the progress

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[47] See Dobbs, John M., "Interagency Communication at the Regional Level," *Public Administration Review* 1944, Vol 4, pp. 64 67

[48] See Gant, George F., 'Bureaucracy in the Field,' *Public Administration Review,* 1943, Vol. 3, pp 364 369, esp p 368

of each federal agency in the state, critically appraising the effectiveness of its work and analyzing the adequacy of the federal program to meet the needs."[49] His role in promoting interagency cooperation anticipated very largely a suggestion made in 1943 for "regional conveners." Each of these would convene and preside at meetings of representatives of various agencies; use his persuasive powers to stimulate cooperation; keep himself informed on all questions of common concern; and report to some central agency, preferably attached to the Executive Office of the President, "on the region as a whole, unsolved problems, regional cooperation or its absence, the need for central decision with respect to particular controversies, and the like" In addition, he might be used as a regional arbitrator when the conflicting agencies agreed on his assuming such a role. He might also directly supervise all central institutional services[50]

A monograph of the President's Committee on Administrative Management proposed regional representatives of the President or of a central staff agency who would act in three capacities They would serve as neutral conciliators of interagency conflicts in the field and report irreconcilable disputes to Washington, where a solution could be found more effectively. They would foster mutual acquaintance and familiarity with all agencies' field programs among field officials, through sponsorship of local federal business associations and statewide meetings of ranking federal officials in each state And they would make special administrative studies constituting audits of the effectiveness of field programs of particular agencies and of the total pattern of federal field activities in a given area[51]

Special Coordinative Machinery All of these experiments and proposals indicate a need for affirmative steps directed toward interagency coordination in the field Concern with this need is a responsibility of the Bureau of the Budget In 1943 it described the functions of its field offices as follows: "to counsel and advise with federal officials in the field for the purpose of getting better coordination of federal programs and better relations among the federal agencies in the field, to consult with officials of state and local government on the operation of federal programs of concern to them and to report to bureau headquarters problems arising in these relationships, with recommendations for their solution, to examine and recommend improvements in the utilization of supplies and equipment in the field; and to make administrative studies on the initiative of the field offices or at the request of other bureau staffs, to make recommendations for more efficient operations and to report to bureau headquarters those

[49] *Cf* Fesler, *loc cit* above in note 45, p 282 see also pp 283 287 for a critical appraisal of the National Emergency Council s field service For a concurring view, see Mac mahon, Millett and Ogden, *op cit* above in note 12, p 241 *ff*

[50] Special Committee on Comparative Administration, Committee on Public Administration, Social Science Research Council, *op cit* above in note 3, pp 12, 21-23.

[51] Fesler *loc cit* above in note 45 p 292 *ff*

problems requiring special study or action or a policy statement or guide from headquarters."[52]

In addition, passing note should be taken of regional committees and boards, especially during World War II, organized by functional agencies having coordinative responsibilities affecting a number of agencies. Examples are the regional advisory councils of the Office of Defense Health and Welfare Services;[53] the local work of the Committee for Congested Areas;[54] the manpower priorities committees of the War Manpower Commission; and the area production urgency committees of the War Production Board One of the fundamental advantages of such committees is that each has a specific objective, in contrast to regional coordinators, whose very universality of interest may dull their effectiveness.

5. The Prospects of Joint Field Planning

Much of the interagency coordination discussed above assumes that policy is formulated at headquarters and that the function of field officials is primarily to carry central programs into execution. A radical departure from such a premise is the view that policy itself should be formulated at the regional level Two principal instruments have been evolved for this purpose: the regional planning commission; and the regional development authority.

Regional Planning Commissions Regional planning commissions, as they have evolved in the United States, have been primarily designed to complement the work of state planning boards. Their membership has generally stemmed from these state boards. Still, field representatives of federal agencies have actively collaborated in important staff studies that have strongly influenced the work of the commissions. The noteworthy 1942 report of the Southeastern Regional Planning Commission, for example, was prepared with the aid of the National Resources Planning Board, Tennessee Valley Authority, Forest Service, Bureau of Agricultural Economics, National Park Service, Army Corps of Engineers, Federal Power Commission, United States Housing Authority, and Work Projects Administration.[55] The National Resources Planning Board, which provided vigorous federal sponsorship of both regional planning commissions and state planning boards, has been abolished. However, continuance of planning activities at regional and state levels is to be expected.[56]

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[52] Latham, *loc cit* above in note 41, p 19

[53] A penetrating analysis of this experience which has general as well as specific value, is provided by Roseman, *loc cit* above in note 21

[54] See Gill, Corrington, "Federal-State City Cooperation in Congested Production Areas," *Public Administration Review*, 1945, Vol 5, pp 28-33

[55] National Resources Planning Board, *Regional Planning Part XI—The Southeast*, Washington Government Printing Office, 1942

[56] See Merriam, Charles E, "The National Resources Planning Board A Chapter in American Planning Experience," *American Political Science Review*, 1944, Vol 38, pp 1075-1088

Regional planning commissions prepare very valuable reports that serve to crystallize desirable policies for long-range regional development. But such reports lack any reliable implementing mechanism. Planning and execution are treated as two distinct fields, and the integration of planning through regional commissions is not matched by a similar integration of execution. Instead, dozens of federal, state, and local agencies are free to accept or reject the proposals of the planners' reports. The reports, therefore, are primarily educational in purpose They fall short of the conception in many minds of the need for capitalizing on the vitality of regional consciousness and for translating regional planning into concrete results.

Regional Development Authorities. These reactions to the approach of regional planning commissions result in a hospitable reception for the idea of regional development authorities modeled on the Tennessee Valley Authority. Such authorities provide a focus both for planning and for action They themselves possess comprehensive authority, granted by Congress, to perform any functions necessary to the development of the resources of the region. Yet, if animated by the spirit of TVA, authorities of this kind may also endeavor to bring other federal agencies, as well as state and local agencies, into cooperative planning and administration. Such efforts are facilitated by the financial aid the regional authority can offer the functional agencies, and by the reluctance of functional agencies to be "frozen out" of any region by the former [57]

The case for integrated resources development on a regional basis has been stated enthusiastically and persuasively in recent years [58] The success of the Tennessee Valley Authority has provided seemingly incontrovertible proof of the wisdom of this approach The President and many members of Congress have reacted favorably to the numerous bills for a Missouri Valley Authority, a Columbia Valley Authority, and similar new agencies focusing on water and related resources The difficulty of a region's water-resource development has always lain in the fact that such development is subject to the mercies of the Army Corps of Engineers, Bureau of Reclamation, Federal Power Commission, Department of Agriculture, Public Health Service, Fish and Wildlife Service, National Park Service, and other functional agencies. This difficulty could presumably be met by giving each region of the country a single development authority. Decisions for the region would be made in the region, close to the people. They would fit together into a consistent pattern for the region, and not clash as is the case when each of a dozen federal agencies pursues its own independent path. Planning and execution would be tied together and not be isolated

[57] See Pritchett, C. Herman, *The Tennessee Valley Authority*, pp. 116-140, Chapel Hill University of North Carolina Press, 1943, Fesler, *loc cit* above in note 45, pp. 288-290

[58] Notably by Lilienthal, *op cit* above in note 8.

from each other, as occurs under the approach of the regional planning commissions.

Function Versus Area. The issue is not new. It is the ancient conflict between function and area. Both are necessary, yet one must have primacy. The issue is also a reflection in the field of a problem of the center: How to group functions and bureaus into a logical departmental structure at headquarters; how to strengthen the department head's authority to integrate the work of bureaus that have established a tradition of autonomy; and how to provide effective interdepartmental collaboration in planning and execution of programs involving the interests of more than one agency. In other words, the question of regional development authorities arises in part because at headquarters there has been no effective coördination of agencies dealing with water and other natural resources.

The most notable lack of coördination is the long-standing rivalry between the Army Corps of Engineers, with its primary interest in navigation and flood control, and the Bureau of Reclamation of the Interior Department, with its emphasis on irrigation and reclamation. These two agencies are the principal dam builders of the federal government. Neither has heretofore had a fundamental interest in the generation of electric power. In the Pacific Northwest, the Bonneville project was built by the Engineers, Grand Coulee by the Bureau of Reclamation, while distribution of the power was made a responsibility of the Secretary of the Interior.

Remaining Issues. If the shortcut solution of such problems is the establishment of regional development authorities, certain remaining issues need clarification. First, the key problems of the Tennessee valley are not identical with the key problems of other regions. As between the Tennessee valley and the Columbia valley, for instance, entirely different emphases must be placed on soil erosion, flood control, irrigation, domestic water supplies, fishing, lumbering, and land ownership.[59]

Second, the functional jurisdictions of regional development authorities will have to be precisely defined. The warmest advocates of development authorities make no pretense that their technique is applicable to any governmental problems other than unified development of natural resources—water, land, minerals, forests.[60] The regional authorities, therefore, are not a transplantation from abroad of the prefectural system. Many regulatory and service functions must continue to be performed by field agents of central agencies.

Third, the fate of Washington bureaus concerned with resources must be determined. If ten or twelve development authorities blanket the country, will there be any need for well-staffed central agencies such as the Forest Service, National Park Service, Federal Power Commission, Depart-

[59] See McWilliams, Carey, "Columbia River Bureaucrats," *Nation*, June 23, 1945, Vol. 160, p. 694.

[60] *Cf.* Lilienthal, *op. cit.* above in note 8, p. 168.

ment of Agriculture, and Bureau of Reclamation? If not, will the public lose some governmental efficiency through the breaking up of these specialized staffs? And will the public suffer increased taxes to support ten or twelve specialized staffs for each resources function?

Fourth, the areas of regional development authorities must be carefully defined if they are not to overlap and so lead to confused responsibility and "border fighting." Contrary to general impressions, the Tennessee Valley Authority has no precise boundaries for its marketing of electric power. It markets its power well beyond the valley where the power is generated.

Finally, there has to be some machinery for general supervision of the authorities by the federal government. The concept of autonomous authorities clearly responsible neither to the people's representatives at Washington nor directly to regional constituencies is opposed to the democratic tradition. There are three possible answers: to make the authorities responsible directly to the President; to make them responsible to some supervisory unit located in the Executive Office of the President; or to make them responsible to the Secretary of the Interior.[61]

Community-Level Analysis. We have noticed that the regional planning commissions take a very broad viewpoint and provide no effective link between planning and execution. The regional development authorities in their more ambitious form are a revolutionary abandonment of functional administration of resources by the federal government. In addition, they leave unanswered the question of joint field planning of nonresource activities. More modest and more short-range in objective than either of these proposals is a third approach to program planning: community level analysis of the impact of federal programs

This approach emphasizes that federal administration, however greatly it be functionally segmented, must make sense at the level where its multiple activities come in direct contact with citizens and the communities in which they live It is at this administrative "firing line," therefore, that the actual interaction of federal operations can best be observed. The symptoms of confusion, overlapping of authority, or neglect of citizens' needs can be isolated and reported to headquarters and to that regional agent of the chief executive who may have the task of interagency coordination. It should not be forgotten that a majority of interagency difficulties in the field are caused—and can only be remedied—by action at the central level.[62]

The best solution would seem to be for the Bureau of the Budget's field

[61] See Hansen, Alvin H and Perloff, Harvey S, *Regional Resource Development*, p. 30 *ff*, National Planning Association Planning Pamphlet No 16, Washington, 1942, Cooke, Morris L, 'Who Shall Boss the MVA?' *New Republic*, April 16, 1945, Vol 112, p 499, Pincus, William, 'Shall We Have More TVA's?" *Public Administration Review*, 1945, Vol 5, pp. 148 152

[62] See Fesler, *loc. cit* above in note 45, p 292 See also White, Leonard D, "Field Coordination in Liberated Areas ' *Public Administration Review*, 1943, Vol 3, p 189 ff

offices to make studies in sample communities or counties covering the total impact of Federal programs,[63] report the results to Budget Bureau headquarters, and thereby stimulate remedial action at the center and in the field. Corrective action could be backed by the authority of the Executive Office of the President and the controls available through budgetary review and quarterly apportionment of appropriated funds. Such a method of assuring that federal programs fit together is no substitute, of course, for the broad-gauged work of regional planning commissions and regional development authorities. However, it does afford a constant test of the short-range effectiveness of federal programs and provides machinery for correcting such defects as are discovered.

[63] Even more useful would be sample area surveys of the impact of federal, state, and local programs, the reports to be a basis for action by all three governmental levels. Some experimental studies of this character have already been undertaken; to some extent the reports of regional planning commissions are examples of this approach. Mention may also be made of the sample studies carried on under auspices of the Council on Intergovernmental Relations.

CHAPTER

13

Informal Organization

1. Formal and Informal Organization

Organic Growth of Informal Organization. This chapter is to deal with some of the organizational and operational implications of the difference between authority and influence, between the legal power of command to direct the behavior of others and the human capacity for getting others to see things your way so that they will act and even want to act accordingly. How this difference affects the role of the chief executive we have noticed earlier,[1] but the matter has wider significance. It can hardly escape the sharp-eyed observer that administrative bodies—and indeed all organizations, whether legislatures, political parties, labor unions, business enterprises, universities, churches, armies, or professional associations—respond in fact to a variety of informal patterns of influence among their membership.[2] These are more or less at variance with the acknowledged structure of formal authority on which the organization rests.

It is therefore easy to understand that an essential object of successful administrative leadership must be to provide the integrating forces that will draw all eyes toward common goals. In small groups where authority is mainly the product of conceded superiority rather than of legal designation, the distinctive effect of influence may blend completely with this kind of nonlegal authority. As soon as the group grows larger, however, formal authority may set itself apart from leadership. While the boss naturally will want to run the show, every one else in the group, no less naturally, will want to be as independent as possible, and will have his own notions of how the show ought to be run. Such individualistic impulses never fully subside in any organization. They give rise to the cell formation typical of informal organization.

Charts and Realities. The organization chart—which most modern organ-

[1] See above Ch. 8, "The Chief Executive," sec. 2, "Leadership and Authority."

[2] For the increasing interest of students of management in this area of behavior, see above Ch. 2, "The Study of Public Administration," sec. 4, "The Frontiers of Research."

izations require as a source of self-respect—shows the formal structure, labels the jurisdiction assigned to each component unit, and indicates the lines of hierarchical authority established to regulate the conduct of business. If the chart is carefully and candidly drawn, the very act of preparing it is almost sure to disclose internal ambiguities calling for resolution. If a clarification of these is a by-product of completing the chart, the labor of the chartmaker is already repaid in the smoother operations that can be expected to result from a better understanding of working relationships among the various groups of employees. At best, however, the organization chart is ordinarily and necessarily an idealized picture of the intents of top management, a reflection of hopes and aims rather than a photograph of the operating facts within the organization. To the sophisticated reader, the chart is a useful guide to further questions.

To begin with, the chart, while locating present personnel, speaks rather in terms of positions than of live employees. In such an inevitably composite abstraction of, say, all possible P-5 economists, we have no clue about the kind of man who might be heading the Analysis Section in the Import Division, about the standing he has in his section or in the division, or about the load of work he carries or has failed to carry. Is he the faithful technician who as a lowly and anonymous assistant to the previous section head used to get up the figures to support the division's policy and who as the "logical" successor now fondles the same series of figures even though changing conditions call for an imaginative and fresh analysis of foreign trade? Or is he the man who was borrowed from the Research Division on a temporary detail to work out a particular problem before the Import Division had an Analysis Section of its own, and who impressed the division chief so much that the section was created to keep him around?

Again, was he perhaps the only promising reinforcement the division chief could think of in order to bolster an ailing operation, with the position of section head happening to be the handiest vacancy to bring him into the picture? Or, to suggest only one more line of possibilities, is the position again vacant today as we look at the organization chart? If so, is a replacement in sight and the section's work still definitely part of the whole program? Or is the place not to be filled and the section to be disbanded, so that its box in the chart has already turned into an anachronism? Plainly, we would need answers not only to these and many more questions about our P-5 economist, but also to similar questions about the division chief one step above and others in adjoining positions, before attempting to draw from the chart an appraisal of his role as the head of the Analysis Section.

Attitudes and Motivations. However he appears on the chart, this P-5 stands in a different light to his own subordinates in the section. Here he is the boss, clothed with authority to summon and direct, and all his qualities of leadership are at stake in the assessment of what that authority is worth. To the oldtimer in the section—say, with a standing assignment to tabulate

the weekly figures of customs receipts—he may be only another boss, more or less like those that have come and gone, to be viewed with indifference unless it should occur to the section head that the customs figures ought to be compiled differently, or possibly are no longer needed at all. If he lets people alone who know their tasks and do them without prodding, he is a safe boss; and a safe boss is a good boss in the oldtimer's way of thinking.

To one of the junior economists, however, the boss may be the author of that series of articles which broke new ground in the analysis of the balance of international payments. This junior may have studied the same field, and is cherishing a hope that the boss will develop it within the section—a prospect rich in possibilities of new assignments and recognition for the alert youngster. Another junior of the same rank, though, who because of his addiction to doctrinal heresies was passed over whenever the previous section head had an especially interesting project to assign, is thoroughly alarmed to find that the new head also has a blind spot regarding these doctrines. Convinced that he is facing a hopeless situation, he has already begun to make discreet inquiries about possible openings in other parts of the agency. In a sense, his mind is no longer on the job.

All of these variables must be accounted for in the staff pattern before we can have much of an idea of the concrete work situation. And so with the girls in the section. One or two of them can be counted on to stay overtime if needed, to get out the materials the boss has to have for his conference the first thing in the morning. The others feel that if he cannot arrange to get his work done during office hours, they are under no duty to bail him out.

Basis of Personal Organization. Given the crew our section head has to work with—and allowing for such additions and eliminations as he can manage from time to time—he develops a team for his purposes. He leans on the strengths he finds, and by-passes the weaknesses. He looks to a smaller nucleus of people for the crucial work, and he meets with them more often. Together they look ahead and lay plans, assemble the strategic information and put it into persuasive form, carry the argument when the occasion for it arises, and consolidate the advance when their program has won endorsement. This is the section head's personal organization—perhaps no more than a thought-man, an action-man, and a personal secretary. Organization charts are silent on the relationships that constitute such personal organizations.

The factors here considered center around the measure of influence that our hypothetical subordinate—the section head—may exert on his immediate superior and on his own section. The example is taken from the middle ranks in the scale of positions, and from a staff or auxiliary function in the organization's work—for the Analysis Section presumably does not actually issue the licenses that are, let us say, the end product of the divi-

sion's operation. If we shift our example upward or downward in the hierarchy, or from a staff or auxiliary section to an operating section, some of the situations indicated are no longer so plausible, while other new possibilities open up. In particular, the higher we go up the line, the more complex the relationships become.

Growing and Shrinking Organizations. Again, we have assumed an example from a stable organization. But organization charts are drawn also for rapidly expanding agencies. In 1942, for instance, the war agencies were recruiting personnel at an almost overwhelming rate as they struggled to cope with the new tasks that had brought them into being. As their functions grew, their internal structure and external relationships altered. Successive newcomers in these agencies caught hold and came to exert decisive influence, or failed to catch hold and dropped out of sight. From month to month, under the impact of these changes, organization charts became obsolete more rapidly than maps of Europe. In the same way, during the months that followed the close of hostilities in 1945, contraction or liquidation and atrophy of functions were the order of the day for most of these agencies. Once more, the patterns of influence within the organization in many cases changed abruptly.

In short, the chart portrays the norms of anatomy. We must look to the informal organization to understand the physiology—perhaps the pathology—of the organism, and the dynamics of its behavior.

2. Elements of Informal Organization

Characteristic Factors. The network of influence does not extend from any single center—even, it may be suspected, under such a well-consolidated regime as the prewar Soviet system, which did not mind the burden on military discipline arising from the institution of political commissars in the Red Army. Certainly in the more familiar field of our own federal administration, relationships based on influence result rather from the interplay of a combination of factors. Some are unique to the particular scene. Others are recurringly characteristic of many agencies and situations.

Among the latter we may discern: (1) the relation of the actual leadership sensed within the organization to the formal location of authority; (2) the personal organizations installed or recognized by the leaders within the framework of the formal structure, to transmit direction and keep the leaders posted on internal conditions; and (3) the ties of allegiances, external and internal, that cut across hierarchical levels and bind together groups of officials and employees on some other basis than that of loyalty to their formal superiors. It is useful also to distinguish the role of these informal groupings as supplementary channels of communication and intelligence from their potentialities for furthering or hindering the acknowledged aims of the organization. These points call for some elaboration.

Self-Expression of Influence. The magnetism of personal leadership is

an irrepressible and often an unpredictable force. Responsibility will frequently evoke it unexpectedly in the head of an organization that is suddenly subjected to new conditions and pressing problems. However, leadership may fail to appear at the point where there was every reason to count on it, and instead turn up elsewhere in the organization. It may indeed be ordinarily denied to the titular head of the organization by the very process of his selection.

Nomination for the presidency, to take a conspicuous case, usually does not go to a man showing exceptional personal qualities of independent leadership if the party chieftains who control the convention can feel confident of winning with a more manageable and dependable candidate. The chairmanship of a congressional committee, where seniority commonly governs, will only by accident fall to the dominant personality of the committee. Cabinet officers must often be chosen in recognition of claims other than the leadership they can promise in running their departments. And so with administrative appointments. The conditions of selection too seldom permit native qualities of personal leadership to be the decisive criterion. Except for a new agency with an active head who is also its actual leader, or for a crisis in the life of an older agency that gives a new head an unusually free hand for reorganization, the typical situation therefore shows a distribution of leadership through the organization that does not coincide with formal authority. All such leadership begets loyalty, and loyalty commands influence.

Obviously, nominal authority does not work in a vacuum; the leadership is somewhere. A capable department head may be given jurisdiction over an unrelated operation, because the operators must report to some one, and no better place for allocation of the function has appeared. If the jurisdiction is already in satisfactory hands, it may be left alone. Authority to this extent tends to follow the pull of leadership. Much the same is true within the departmental organization itself and within each of its component parts.

Because one of the chief staff officers serving as immediate advisers to the department head may have demonstrated special capacity for achieving internal agreements or for sound political judgment or simply for getting work done more promptly than others, he is used more and more as a privileged source of counsel and assistance. Difficult problems—including those outside his formal jurisdiction—drift to him automatically from the desk of the top executive. Other staff officers, and line officials as well, discover that it is wise for them to check with this colleague in advance on all problematical matters handed up to the department head. In the end, the staff officer may be doing the job of a permanent undersecretary, while the nominal undersecretary shifts his attention to matters of special interest to him. Or, in a given bureau, division, or section, the employee who establishes himself as a key man will grow in stature as his responsibilities expand *de facto* by spontaneous accrual.

No doubt, such developments introduce into the hierarchical structure much-needed flexibility. They allow an organization to make the most of its strength wherever such strength resides. On the other hand, it is also evident that as a consequence the organization may develop all kinds of unorthodox bulges. From time to time these bulges will be legalized, so to speak, as factual influence is given formal status through the redefinition of authority and through adjustments in the channels of command. However, such formalization may merely aggravate defects in internal balance, structural deformities, and lopsided arrangements. With all that, the surveyor of organizational structure should always bear in mind the need for reserving judgment until all compensating advantages of a seemingly bizarre pattern have been ascertained. A department is not likely to be impressed with the criticism that its organization chart looks screwy when the existing working mechanisms accord with the operating preferences of its strongest personalities and are adequately understood by its personnel.

Variables Affecting Authority. A complicating factor arises from the dynamics of leadership. Authority as expressed in legal terms is essentially static. Influence is susceptible of continuous change. Leadership may wane as an official commanding deference shows himself unable to stand the tough grind of responsibility, or as his health and his nerves begin to falter, or as he fails to withstand the jolts and shocks of temporary defeats. Influence is competitive. When leaders stumble and fall by the wayside, rivals will meet their opportunity. As these individuals begin to inject their personalities into the stream of operations, new bulges may evolve while earlier ones wither away.

The actual substance of authority is therefore affected by a wide range of factors. To support itself, authority cannot merely point to its insignia. It must seek to effect constancy of deference. Thus it requires a basis in persuasion. It must nurture itself in consent. It must bargain for endorsement and negotiate workable covenants with internal forces of opposition. Administrative orders, while traveling downward from level of authority to level of authority, may completely change their meaning when they encounter passive resistance or open antagonism.[3] Authority cannot assert itself when its claims fail to rest on plausible reason or commonly shared attitudes. To a large extent, therefore, authority must be buttressed by rational considerations and appeals. That is why some students regard the top executive primarily as a ratifying agent—one who sanctions the common thinking of his organization.[4] In aiming at such sanction, he must prepare the ground by shaping common thought.

[3] For a report on general limitations of institutional knowledge about policies and instructions, see Corson, John J., "Weak Links in the Chain of Command," *Public Opinion Quarterly*, 1945, Vol. 9, p. 346 *ff.*

[4] See, for instance, Coutrot, Jean, "Note sur la Technique du Travail en Commission." *Administrative Papers*, p. 46 *ff.*, and Morstein Marx, Fritz, discussion remarks, *Proceedings*, pp. 99-100, Seventh International Management Congress, Washington, 1938. The same basic point is implicit in McCormick, Charles P., *Multiple Management*, New York, Harper, 1938.

Moreover, the exercise of authority is affected by the nature of its mandate, which in a real sense is always in flux. The statutory formulation of the mission of an administrative organization may remain the same, and yet the scope of actual authority reposing in the top executive is bound to change with changing circumstances. Most of these circumstances are beyond his own control. We may think of shifting legislative alignments, the rise and fall of popular causes, reorientations in general policy, and even deteriorating public relations that arrest the individual agency in many ways. These variables account for the fact that there are always matters of great administrative significance within the reach of the legislative mandate of an agency which its top executive would never dare to touch at certain times. Particular issues grow too hot to handle while others cool off in the battles of public opinion and the contests of political forces. The time-bound cycles of popular elections also play their role in determining the actual scope of legal authority.

Even in the most limited sense—solely in reference to the specific incumbent—the place of formal authority is one of relative importance only. The official vested with authority may be personally weak or strong, timid or aggressive, unimaginative or intellectually alert, phlegmatic or choleric. The same span of legal authority will furnish different individualities with different opportunities for initiative and leadership. Even in reasonably stable organizations, changes in personnel at the points of control are frequent enough to cause conspicuous modifications in the interplay of different personalities. All this does not suggest that formally allocated authority amounts to little. It does suggest that it is never quite the same as circumstances alter.

Forms of Personal Organization. We have earlier alluded to the phenomenon of personal organization—special structures of relationships built freely for the convenience of individual leaders within the formal framework of the organization. The members of a personal organization may not always be identified as such except to the inner circle they represent. Their individual roles will vary, too. On the level of the top executive, for instance, some members will be primarily sources of confidential information. Others may be placed strategically for the stimulation of prompt response to administrative directives from above; these members of the top executive's personal organization are to "carry the ball" for him in the sphere of operations. While functioning for the most part independently and at different points of the hierarchical structure, all members will maintain contact with one another as well as with "the chief." They will act in concert, though for best effect their synchronized action usually retains the appearance of coincidence and spontaneity.

The existence of such personal organizations formed around individual exponents of control—the department head, chiefs of larger staff or auxiliary services, line officers on various levels of command, and even unit supervi-

sors at the base of operations—in itself attests to the limitations of formal authority. Power of direction may be commensurate with personal responsibility at each control point of the administrative hierarchy, yet direction does not automatically elicit positive response. All large-scale organization, because of both its size and its specialization, is highly vulnerable to internal indifference, intransigence, and obstruction. Left to himself, even the top executive, in the imposing plenitude of his directive power, may have the ugly feeling of perching atop an angry elephant firmly set to have things his own way. True enough, the executive has his "arms of management"—administrative planning, budgeting, personnel—and his line subleadership to rely upon. But how much of this supporting cast can be trusted actually to support him?

How real this question is can perhaps be seen most readily when we think of a new appointee taking over a government department. This may be an entirely novel experience for him, as it usually is. There is no one to brief him on his first day of office. He is lucky if he knows one or two key people in the department sufficiently well to be sure of their sympathetic help right at the start, and some others against whom he should be on guard. He may be free to bring along a small number of personal assistants—each probably as green at the start on departmental business as he himself. Replacements in the top range of command will have to wait until the new head has had time to reach more or less final judgments on the internal situation he is facing.

His first thought in testing personalities he has to depend upon will be to have assurance of their complete loyalty so that he in turn can have full confidence in them and talk to them without mental reservations. Because too many new appointments would mean a heavy mortgage of inexperience, he is never free to fire and hire at will, quite aside from the limitations placed upon him by the civil service system. In the main, he must learn to work with the department as he finds it, and teach his immediate subordinates to take to him and work with him. In some instances he will be able to shift individual officers he spots as congenial into positions in his proximity. As a general rule, however, he has only a restricted opportunity for rearranging the human pattern around him.

In the experience of his first few months, he will therefore attempt to create his own unofficial peerage from within the department. He will turn repeatedly to those who win his confidence first. These will become conscious of their task as intermediaries, and in due course will be treated and used as such by their colleagues. Unofficial peers can be made and unmade by the department head; readjustments in the structure of his peerage may happen rather frequently at the beginning, and will continue to occur at later periods. Slowly, however, a degree of constancy will evolve in his personal organization. At best, its constancy will allow for a recognition of those special talents which are at a premium in this kind of grouping.

One of those rare individuals who have a good grasp of the department as a whole—perhaps the budget officer, perhaps a bureau chief with many years of service and a sufficient variety of successive responsibilities behind him—is likely to be drawn into the personal organization of the top executive. His personal assistants brought by him into the department become "charter members," though not necessarily for all time to come. It would be erroneous to assume that every one of the political officeholders of the department is simultaneously a member of the peerage in our sense. One of them may be too intimately tied into a powerful interest group that eyes the department head with misapprehension. Another may remain too much adrift in the affairs of the department to win standing within it. On the other hand, some of the permanent officials will be included in the top executive's personal organization because of their strength as leaders, because of the multiplicity of their working contacts with others, or because of their range of practical experience. In addition, his personal organization is apt to reach into such highly sensitive functions as public relations, legislative liaison, and field direction.

Objective qualifications alone are never enough for membership; above such qualifications, the decisive factor is a substantial degree of personal compatibility with the intellectual approach and the outlook of the department head. His personal organization is basically made up of "king's men," whether as a tight group or as a loose affiliation. Within it, stars may rise and fall. There may also be occasional cases of desertion. Moreover, his personal organization is never the only one. For greatest utility it must link itself to the personal organizations developed by ranking subordinate leaders. Where a subordinate leader differentiates himself from the fortunes of the department head, the latter's personal organization must attempt to outmaneuver or to checkmate in one or another form the "king's men" of the uncoöperative subordinate. Prolonged battles may rage between different personal organizations. Formal agreements in open conference may in many cases be merely the product of informal bargains for support. The price exacted for such support may be an important promotion, an enlargement of functions, or a greater degree of independence in specified areas. Such concessions may interfere with general expectancies based on official rules and customs, causing losses in morale throughout the department. There is hence always a point of declining returns.

Yet it is clear that without this type of personal organization, individual leaders in the department cannot hope to know what is really going on, what the attitudes of the working force are, and how to generate momentum for coöperative action in the sphere of their own concerns. Teamwork is not achieved by mere pronouncement of hierarchical superiors. It requires recognition of the most accomplished players on each team. Indeed, one or two of these may monopolize the actual leadership in the team, leaving the nominal leader in the role of a figurehead. At the same time,

it is obvious that effective personal organization calls for much adroit handling, and much mature appreciation of relationships, coupled with a sense of reality. As with organization in the formal sense, personal organization may easily militate against itself. It may become a burden on the individual leader, setting him off from his wider institutional environment. It may inject elements of arbitrariness or favoritism into general working processes. It may substitute subjective considerations for objective evaluations, disrupting the regularity of operations and destroying the promise of planned advancement toward acknowledged aims

The balance sheet of personal organization has its debit as well as its credit side. On the debit side we would have to enter the possibility of doubts seeping through the department about the integrity of management, soundness of decisions, and justice in internal allocation of rewards. Personal organization can be a great convenience in attaining impersonal objectives—policy goals It can also acquire the characteristics of personal government and thus corrupt impersonal objectives. An able department head will periodically examine the balance sheet—and draw his own practical conclusions.

Ties of Allegiance Formal organization suggests a monolithic structure in which all wills are bent toward a defined set of institutional goals. Acceptance of these goals is at least implicit throughout the entire structure. An outstanding leader at the helm of the organization may not only become a symbolic expression of the validity and continuity of acknowledged objectives but he may also draw forth the allegiance of his subleadership and with it that of the large body of personnel Even then, however, there remain in each individual certain residual allegiances of varying strength that exert their pulls in different directions[5] 'Man is only in part organizable. He lives only in part in his occupation. The fanatic alone is able to pour all of his capacity for allegiance into a single cause

Normally, every individual responds to a wide range of loyalties—some embedded in his background, some foisted upon him in the school of living, some freely accepted as a matter of deliberate choice In this agglomeration no single loyalty will dominate all others For satisfying human experience, however, all such loyalties should admit of harmonious blending without contradiction or conflict The same applies to man as part of an organization in which he spends his occupational life No more can be expected of him than that the total fabric of his loyalties keep him receptive to the goals of the organization he is serving Yet, notwithstanding a general accord of loyalties, each loyalty separately continues to have some influence upon him. Each loyalty, depending on the circumstances, may place him in part or for a time in juxtaposition to the organization for which he works

[5] For an illuminating discussion of the complex pattern of civic allegiances, see Merriam, Charles E., *The Making of Citizens*, Chicago University of Chicago Press, 1931

This is the basic reason why institutional leadership must constantly attempt to magnify individual loyalty toward the institution. Such effort cannot be confined to a single approach—a single "morale program." It must come to the fore in everything the organization undertakes to accomplish. To foster what military language calls "pride of outfit," institutional leadership must be articulate and persuasive on its objectives and policies, adept in developing a general system of internal incentives, resourceful in broadening the base for individual participation in determining the ends and means of the organization, and inventive in distributing credit for collective accomplishment.

While formal authority rests axiomatically on universal recognition of deference owed it, no assurance exists that loyalty will conform to institutional assumptions. Even in reasonably homogeneous organizations capable of producing a common feeling of institutional individuality and identity, each member may stand in a different relationship to the organization as a whole. Some members may completely give themselves to the organization, regarding it as their better part. Others may accept institutional authority as a pragmatic compromise essential to their cooperative role in the organization. Still others may be satisfied with a more passive attitude—"live and let live"—while reserving their deeper attachments for private pursuits outside the organization. Finally, there will be those who, though not necessarily antagonistic to the organization itself, will strive to superimpose on the "powers to be" values derived from loyalties other than that demanded by the organization.

Such competing loyalties may have external or internal focus; often both types are intermingled imperceptibly. Under the external rubric, for example, we may think of a bureau chief who has driven such firm roots into the function entrusted to his bureau that he consciously or unconsciously reflects in all his thinking the preferences of the outside interest group which looks upon this function with proprietary eyes. He has wholly equated his responsibility with the ends pursued by the interest group. If anywhere challenged by his official superiors, he does not hesitate to plot his defense in closed session with the chieftains of the interest group. These may make him feel like a central figure in their councils, run personal publicity for him, and build him up as a great public servant or a national expert. Blind to more general objectives, he comes to consider his superiors as evil forces against which he must battle tenaciously in order to guard the function of his bureau—and the outside interest that supports it and him alike.

Or we may think of an assistant secretary in a department whose credentials for public service stem from earlier political affiliation with a legislative bloc that because of its aims inevitably impinges upon the department. His official chief may deal with him as if he were—as he essentially is—a hostile observer posted for sniping, missing no chance of capitalizing on his legislative support in order to further the purposes of the legislative bloc. Every

one suspects him of carrying informational ammunition to his legislative principals and of tipping them off confidentially on any steps planned by the department that may affect their stake.

We may also think of a regional director out in the field who in his relations with departmental headquarters has gradually embraced the mission to go to bat for the interests dominant in his region, and has grown more and more aloof from the need for defining public policy in terms of the nationwide public interest. In much the same way, still other members of the organization, whether in important or unimportant positions, may think of themselves primarily as internal guardians of clientele formations —business or labor, farmers or veterans, oil or silver. The institutional hierarchy—theoretically of one cast—is thus fragmented in many ways by allegiances that sever the "channels of command."

In the area of internal factors, too, multiplicity of loyalties has its disruptive effects. Strong loyalty, we may remember, plays a principal part in the formation of personal organizations. Membership in one personal organization therefore usually carries with it a marked degree of exclusiveness, especially toward other personal organizations. This exclusiveness may also turn against the formal organization as a whole; only on the level of the top executive are both personal organization and formal organization oriented toward essentially the same objectives. Quite aside from personal organizations, however, loose protective associations may develop on the principle of reciprocal support in the promotion of policy suggestions or in the mutual insurance of institutional status. In the higher councils of a department, for instance, three or four bureau chiefs may band together in a durable alliance for such purposes as pressing jointly for acceptance of their ideas or bringing their combined strength to bear upon the budget officer. Too often for a constructive frame of mind, they will assume themselves to be right and the department to be wrong.

We can observe the same kind of alignment in even the smallest working unit where a few employees sticking together may compel the first-line supervisor to respect them as the controlling power in his shop. They may determine unofficial standards of output and discipline—positively and negatively—which the supervisor by mere authority is unable to modify.[6] They may in fact set the entire tone of operations and employee behavior.[6] In situations like these, prime loyalty may lodge in a small but tight nucleus. This is true also in certain ways with respect to the peculiar kinship that can develop within professional or technically specialized cadres. To illustrate, in matters of group concern an economist dealing with administrative officials may find it natural to uphold the judgment of other economists; a lawyer dealing with economists may be similarly impelled to side with

[6] Informal organization in this sense has been analyzed extensively in the area of industrial production by Roethlisberger, Fritz J. and Dickson, William J., *Management and the Worker*, Cambridge: Harvard University Press, 1943.

other lawyers; an engineer dealing with lawyers may gravitate instinctively toward support of the views of other engineers. Or, in questions of functional grouping and allocation of responsibilities, individual categories of specialists may predicate their opinions primarily on their conception of the stake of their specialty in the proposed arrangement.

In addition, personal association of a comparable character—with corresponding investment of loyalty—may spring from common backgrounds. Graduation from the same college or professional school is one illustration; earlier staff experience in the same scientific foundation or research institution or consulting firm is another. Like any other type of large-scale organization, moreover, government departments have their ideological factions—here the "liberals," there the "conservatives." Eager stalwarts of each faction are likely to look at the department as a potential area of conquest, or at least an object of proportionate influence. Factional struggles may not always be conspicuous, but the sense of loyalty produced in their heat may leave little loyalty to the department itself. Finally, we should mention the ties of allegiance among the organized rank and file of employees. The locals of government-employee unions may attract to themselves a substantial share of loyalty, especially in the face of an unsympathetic or laggard departmental leadership.

Thus the actual pattern of human relationships and allegiances within the formal organization is distinguished by obvious complexity. Reference to "channels of command" may becloud the real picture. Uncrowned leaders compete with crowned ones. Informal and often unaccountable groupings brought to life for various purposes press against one another. Nor are the underlying motivations always either clear or durable. Human beings freely exercise their privilege to change their minds on what seems worth their effort. So does man in organization. This explains in part why any given organization may demonstrate great vigor at certain times and may virtually fall apart or drop into a coma at certain other times, even though its general mandate or its formal structure remain unchanged. It also casts a sharp light on the folly of considering a department a mighty steamroller pursuing its aims with mechanical precision. Last but not least, it shows how much we borrow from imagination when we talk about the sinister designs of a single-minded bureaucracy.

3. Nonhierarchical Sources of Power

Democratic theory stresses the unregimented evolution of free associations of citizens who can raise their voices politically and speak for themselves. The very diversity of these associations is justly considered an asset to democratic governance. Public preferences can be tested in open argument. Fresh ideas can find direct and immediate expression. Workable compromises can be forged in the adjustment of group aims to one another. This, we feel, is the soundest way of tapping and mobilizing the

political resources of the whole nation. Even those who occasionally doubt the productivity of too much diffusion and too much milling movement on the political scene would be very reluctant to sacrifice the values of unimpaired self-expression to a superimposed "order" that would choke group autonomy under a gigantic blanket of directed uniformity. But free political competition is not without pitfalls. It may operate to the detriment of the public interest. There is a great difference between the National League of Women Voters and an economic pressure group whose voting strength or financial support may in effect corner much of the political market.[7] It is all too evident that pressure politics may degenerate into brash hijacking.

Informal organization offers some close parallels. Unless confined in both scope and form, it may turn into a disorganizing force, undoing at least in part what formal organization is intended to achieve. It may dangerously widen the cracks and crannies which division of labor and segregation of functions inevitably tears into the structure of all formal organization. It may in certain areas actually nullify official responsibility. With all that, informal organization does meet practical needs. Like the free interplay of democratic groups in the civic realm, it is in many respects a source of administrative vitality. It provides additional outlets for group opinion, thus extending and broadening the avenues of institutional planning and thought. Informal leadership, moreover, is in a sense as much a school of responsibility as the exercise of official authority. In short, informal organization, aside from being a perfectly natural growth, not only to some extent eases the rigidities of hierarchy but also can work as a desirable stimulant to a timid or uninspired top command. How far it does the latter will depend mainly on the public spirit of its leaders.

This may become clearer through a more specific review of some composite pictures of fairly typical manifestations of informal organization. Each manifestation is selected at random, without any attempt at completeness of display. But all have one feature in common: they demonstrate nonhierarchical sources of power. That is to say, they show concrete points of influence that are separate from the structure of hierarchical power, even though in some instances they are related to the location of formal authority.

Men Behind the Throne. As no ruler—be he an omnipotent dictator or a constitutional president—thinks and acts in splendid isolation, as there are always men and women in his entourage who intentionally or unintentionally help him to make up his mind,[8] so the head of a government department, however retiring and introvert by nature, is surrounded by his "inner circle." He may have a regular "cabinet" of his own, made up per-

[7] See below Ch. 14, "Interest Groups in Administration," sec. 1, "The Meaning of Interest Representation."

[8] For a penetrating discussion, long overlooked, see Bentley, Arthur F., *The Process of Government*, Chicago: University of Chicago Press, 1908; republished Bloomington: Principia Press, 1935.

haps of his principal staff and line officers, with whom he discusses matters of general importance at a set hour each week or oftener. On special issues he may confer with smaller or larger groups of officials, excluding those members of his cabinet not directly concerned, and drawing in other officers who do not ordinarily attend the cabinet meetings. Consultative organs of some kind are an administrative necessity; whether they are always intelligently utilized is still another question.[9] However, the existence of such machinery seldom gives a hint about the way in which the top executive frames his judgments. He may be merely a polite listener. He may simply believe such formally organized consultation to be a proper democratic gesture. Or he may use his cabinet meetings primarily as a method of communicating his decisions to the first level of his subleadership. How, then, does he reach his decisions?

It is at this point only that we turn from formal organization to informal one. The insider may tell us that the cabinet is just a ritual; that there is in fact something like an "inner cabinet" of only three members; and that one of these is not even included in the official cabinet. Those in the inner cabinet are the "men behind the throne." The one who does not belong to the official cabinet is the senior personal assistant to the department head. For many years he has been the political shadow of the man who now directs the affairs of the department—a relationship that developed long ago in local politics and has been reinforced in the test of changing fortunes as both made their way within the currently dominant major party. This personal assistant has no clearly defined functions. He is a Colonel House or a Harry Hopkins to the department head. Moreover, he is the department's most important liaison to the party leadership and the legislative body as well. He and "the chief" have come to think as one mind. The other two members of the inner cabinet are one of the assistant secretaries and a bureau chief. The assistant secretary is the youngest man on the top level, but he has proved himself an invaluable fountain of fertile ideas. That is the reason why he overshadows the undersecretary, who is weighted down by a heavy burden of operating responsibilities. The bureau chief is known neither for imaginative thinking nor for good political judgment. However, he has been with the department for nearly two decades and he knows its practical business inside out.

It is with these three men that the department head arrives at his decisions, sometimes at a tray luncheon in his office, sometimes during a brief session preceding a meeting of his cabinet. Because all four know each other very closely, they are able to express themselves in some kind of shorthand language, coming to the point in a few words. There is not only extraordinary economy in their method of oral communication, but each is also fully aware of every one else's general bias, including his own. This

[9] *Cf* Morstein Marx, Fritz "Bureaucracy and Consultation," *Review of Politics*, 1939, Vol. 1, p 84 *ff*

introduces desirable checks. On the other hand, their joint consultations often end merely in preliminary determinations—what sort of study to call for by the administrative-management unit; whom to ask for further information; what kind of fact-finding to set in motion. Thus this group of four is linked to the hierarchy to the extent that it jointly exercises the executive function. However, the status of the three members of the inner cabinet is as unofficial and informal as the department head's personal organization, which may be much larger in size and may overlap his official cabinet only in small part.

The type of consultative grouping here portrayed resembles a regency, with the king withdrawing, for all practical purposes, into the role of one member. In other comparable institutional situations, the "men behind the throne" may be an equally small body of departmental elder statesmen with or without actual veto power; or a more fluid group of little collective strength, throwing the greatest influence in the direction of the subordinate with whom the department head happened to talk last. It must be doubted whether there is a single "best way" of organizing and using the "men behind the throne." The decisive factor will often be the working habits of the top executive. In such small groups, of course, it is highly advantageous that each individual member consciously complement the abilities and inclinations of the other members. The greatest peril lies in the possibility that the convenience of harmony reduces the group's capacity for criticism; after all, life is much more agreeable when one can roll along under the momentum supplied by the strongest personality. It is also obvious that much tact and ingenuity is required of each member of the group in minimizing the importance of his informal function in his dealings with the hierarchy itself, and in respecting openly all the proprieties of internal authority.

The Personal Secretary. Throughout the administrative hierarchy, individual key men would in most instances cut sorry figures were it not for the untiring assistance they receive from their personal secretaries. As the housekeeper of the administrative estate of her boss, the personal secretary may feel herself to be part of the structure of authority. Outside the institutional province of her boss, her importance is frequently underrated; inside she may be treated like a queen. Her responsibilities reflect those of the boss; and within certain limitations she may even act as his *alter ego.* As the stenographic manual of one federal agency explains:

> To be a real help to the executive, she must know how he would like to have a task performed and do it that way. She must be alert to grasp situations and draw sound conclusions, to take into consideration more than meets the eye or the ear. She must be able to follow the wishes of her chief, even to anticipate them.
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> . . . The "thinking secretary" proves her ability to take responsibility; to express initiative, originality, and resourcefulness. This thoughtful

attitude is the basis for judgment, which is essential in tempering all other traits.

An extremely important point for the secretary to remember is that she represents both her chief and the agency to callers, in person and over the telephone. She must put herself in her chief's place and convey the impression and the information as he would have her do it. . . . Besides a thorough knowledge of the facts in the case, this often requires courtesy and tact. Since the executive and his secretary function interdependently, it is particularly important that they have a complete understanding about telephone practices so that all calls will be taken care of adequately in a manner appropriate to the agency. The secretary must see that all calls are followed through to completion or returned promptly, as dictated by courtesy.

The secretary must become skillful in taking interruptions herself and in interrupting others. She must determine when something is sufficiently important or urgent to justify interrupting her chief at a conference and the method by which she will convey the message to him, remembering that she interrupts not only her chief but others as well.

Because the boss himself generally occupies a dual position as an exponent of the official hierarchy and as a member of one or more informal organizations, his personal secretary must extend her activities in these same different directions. Her main stock in trade is knowledge of things that only her boss knows. Only she can tell where he is at the moment, whether he may be accessible "for a few minutes" during the next few hours, where the memorandum now is that was sent up to him day before yesterday, what matters are still on his desk, what disposition he is likely to make of each matter. In giving information of this kind, in arranging the list of callers and conferences, in adjusting priority among appointments as urgencies change, in drawing the attention of her boss to items that have passed from his mind—in all of her activities she must be thoroughly cognizant of the specific character of the relationship between him and others.

She must have a sure sense of differentiation; some demands on the time of her boss need to be rebuffed, while on others she will yield with ease. Members of his own personal organization may share with her confidential information that she would never think of disclosing to any one except other members of the personal organization. Indeed, she may become the manager of the agenda for this personal organization. She must make it her business to hear and to see—drawing even from the gossip of the office and the cafeteria hints and suggestions of profit to her boss. Through her contacts with other secretaries, she may become a special channel of intelligence to other kinds of informal organization.

Small wonder that the personal secretary will often know her boss better than does his wife. He may find it of benefit to pose to her administrative problems to which he has no ready answer. He may leave her a great deal of discretion in handling particular matters with his subordinates. He will feel hopelessly stranded when a cold keeps her from the office. Others

working for him will soon learn the importance of approaching him through her. They will also respect her as an astute judge of their stake in any given matter. They will try to gain her favor, but she would not be able to conduct her business with full efficiency if she proved an easy victim of flattery.

The Invincible Constellation. In our discussion of informal groupings we have noticed time and again the extent to which in administrative institutions—as in all large scale enterprise[10]—the hierarchical order of authority is modified by the factor of personal standing within the organization. This is true also within the hierarchy itself. There are everywhere individuals on a relatively lower level of authority who "count" and thus overshadow others on a higher level of authority For example, a ranking staff officer may belong to the department head's official cabinet, and yet he may not "count." Or a line executive may be entitled to all the vestments of seniority, and yet he knows that his opinions and proposals find no takers unless they are endorsed by some one who does "count." Conversely, those within a department who are familiar with the structure of informal organization will be able to point to four or five unadvertised officials whose agreement on any matter is tantamount to a departmental decision. Those are the few one has to see in order to get action—the "invincible constellation"

The informal status of the members of this cardinal group may have quite different foundations One may be a central figure in the top executive's personal organization Another may be the action man among those "behind the throne" No less often will membership in the "invincible constellation" rest on a firmly established reputation for soundness in judging the feasibility and efficacy of proposed action This is sometimes a matter of breadth of appreciation of all the factors that may affect specific measures—an attribute of precise thinking and rich experience Equally often such reputation may simply stem from the fact that luckily previous judgments have usually proved right rather than wrong Whatever the source of the glory of infallibility, the fact remains that the initials of these four

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[10] Study of informal organization is still in its infancy Valuable insights were furnished indirectly by Bentley, *op cit* above in note 8 More specific materials can be found in Mayo, Elton *Human Problems of an Industrial Civilization,* New York Macmillan, 1933, Barnard, Chester I, *The Functions of the Executive* Cambridge Harvard University Press, 1938, republished 1945 Ted Ordway, *Human Nature and Management,* New York McGraw Hill, 1933, and *Democratic Administration* New York Association Press, 1945 Of particular value is Roethlisberger and Dickson, *op cit* above in note 6 See also Mayo, Elton and Others, *Teamwork and Labor Turnover in the Aircraft Industry of Southern California,* Boston Harvard University Press, 1944, Roethlisberger, Fritz J, *Management and Morale,* Cambridge Harvard University Press, 1941 Gardner, Burleigh B, *Human Relations in Industry,* Chicago Irwin, 1945 Relationships between informal organization and supervision are suggested by Bradford, L P and Lippitt, Ronald, "Building a Democratic Work Group," *Personnel,* 1945, Vol 22, p 142 *ff* The implications of unionization for informal organization are touched upon by Bakke, E Wight, 'Why Workers Join Unions,' *ibid*, p 37 *ff*

or five officials at the bottom of action papers seem to have a magic effect.

Of course, the "invincible constellation" may conceivably meet defeat at any time. However, the prestige of its members will survive occasional defeat if the decision they supported continues to look like the best solution in the light of all known circumstances, and if no evidence turns up to demonstrate either obvious errors of judgment or inadequate consideration of all the factors that should have been taken into account. Their craft demands of the members of the "invincible constellation" that they be masters in digesting all the necessary basic information. They are bound to be men who not only have intimate knowledge of the department and its facilities for analysis but also of the outside interests which the decision will affect.

Clubs and Clusters. As in ordinary ward politics, so in the office it often pays to be known as a good fellow, and to be active in good fellowship. Assume that an important man in the organization loves a weekly night of poker and virile conversation, would it not be both a distinction and a privilege to be asked to share in the fun? An inexhaustible supply of jokes may buy the important man's jovial interest in one's career. "An entertaining chap," the important man may think; "I ought to see more of him in the office." And during poker there are always precious opportunities for posting the important man on this or that. Or consider the Indiana Club and all its jolly Hoosiers, they have a hard-working program committee, but no one minds a discreet business conversation in the corner. Or think of the wartime car pool, and how gratifying it was to come to know the section chief so intimately. The car pool is no longer, yet its off-the-record conversations may remain a regular feature.

Innocuous—and desirable—as these groupings are, they are also sources of nonhierarchical influence. Illustrations of a somewhat different character may be taken from the annals of quite a few of the quickly recruited emergency agencies, especially those of World War II. Intensive solidarities developed among occupational groups—businessmen, professors, lawyers, civil servants. Each group tended to see a challenge in the other. Informal leadership, if only for purposes of vigilance, found ready support within the individual group. In fact, spokesmen discovered it to be to their advantage not to be caught in the neutralizing sphere of the official hierarchy, where extremist views could not be expressed in freedom. Similar formations, based on general outlook rather than on occupation, are by no means exceptional in old-line establishments. At times the reformist "Young Turks" may have the upper hand, reducing those who are other-minded to the role of the "loyal opposition"—loyal or not so loyal. No matter how frequently the factional position will be reversed, the existence of a "loyal opposition" in each case heightens the collective sense of public purpose and helps to defeat institutional self-complacency.

Nor should we forget the "old school tie" in its American version, which

is considerably less obnoxious than the British prototype. Still, in the administrative staff and auxiliary services we may run into a significant scattering of Minnesota men or Chicago men or Syracuse men.[11] Quite naturally, they maintain their own system of intercommunication, develop their own sign language, and generally look upon one another with fraternal eyes. This may even be a necessity when they confront the most honorable federation of departmental oldtimers.

Voice of the Union. The picture would hardly be complete without some indication of the place occupied in a department by the local or locals of government-employee unions.[12] Unionization has received new impetus in recent years, especially among the rank and file. It should be admitted at the outset that collective bargaining in the public service must take different forms as compared with industry, particularly because compensation and other phases of the work relationship are ordinarily the subject of government-wide and even statutory regulation. Nonetheless, a considerable field remains for constructive participation of chosen employee representatives in various aspects of the managerial process. This is true not only of grievance procedure and the promotion of employee health, welfare, and safety but also of departmental employee relations in general.

By and large, the working contacts of employee locals have been confined to the personnel office, instead of fanning out over the organization. By and large, too, the nature of these contacts has held the local too much to a negative role—raising remonstrances in the face of departmental intentions or actions. That this need not be the case has been demonstrated by the more positive approach pursued by such agencies as the Tennessee Valley Authority. The ultimate administrative producers are the ordinary employees. Work-simplification programs aimed at mass processes, for instance, cannot be carried along by first-line supervisors single-handedly. Programs of this kind, involving a higher level of general efficiency and large potential economies, must enlist every employee. It will not always be easy to win the rank and file, but without first settling all conceivable questions with their legitimate representatives no appeal for whole-hearted coöperation is likely to be successful.

The leadership of an agency local is an example of nonhierarchical power *par excellence.* It may be a nightmare to the exponents of the official hierarchy. When met with good will and understanding, however, the union can be a source of real support. To fight a running battle with the local entails grave risks to morale. It also may set off sparks on the legislative side, and embarrass the chief executive himself. These considerations invite an attitude of give-and-take, even though negotiating the basic terms of such give-and-take may be tough business.

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[11] *Cf.* above Ch. 2, "The Study of Public Administration," sec. 3, "Training for Public Administration."

[12] *Cf.* below Ch. 24, "Personnel Standards," sec. 6, "Employee Relations."

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CHAPTER

14

Interest Groups in Administration

1. The Meaning of Interest Representation

Types of Interest Groups. Public administration operates in an environment of interest-group activity. Most of the agencies of government are the product of intergroup pressure or conflict, the outcome of which was establishment of a governmental body to perform a service or function that had been carried out unsatisfactorily or not at all under conditions of private initiative. Some of the duties of the oldest federal departments—Foreign Affairs, Treasury, War—included the protection, promotion, or regulation, in Madison's phrase, of "various and interfering interests . . . [which] involves the spirit of party and faction in the necessary and ordinary operations of the government." Even when a public agency secures a legislative mandate to perform a given task without formal relationship to the group or class structure of society, citizens affected by that task watch it constantly, and make their views known through some collective organization or agent.

The variety and scope of interest-group activity defy efforts toward simplification. Students of interest-group activity have concentrated on describing the organization and activities of specific organizations, and on making case studies of agencies and situations in which group pressures have molded or modified legislative and administrative policy.[1] The latter method succeeds in capturing the richness and vitality of governmental experience. Yet it fails to yield satisfactory tools of interpretation and understanding. We need more descriptive studies and reports, but we also need to develop concepts and methods of understanding the fundamental

[1] *E.g.* Herring Pendleton, *Group Representation Before Congress* Washington Brookings Institution, 1929, and *Public Administration and the Public Interest,* New York McGraw-Hill, 1936 Childs, H L, *Labor and Capital in National Politics,* New York Harcourt Brace, 1930, Crawford, K, *The Pressure Boys,* New York Messner, 1939, Blaisdell, D C, *Economic Power and Political Pressures* Temporary National Economic Committee, Monograph No. 26, Washington Government Printing Office, 1941

motivation and distinctive behavior patterns of interest groups.[2] A slightly revised version of a classification suggested by Charles A. Beard is presented below to give some idea of the variety of interest groups, and to emphasize the rise of professional and skill groups to challenge the category of economic interests that until recently had been presumed to be predominant.

Major Category of Interest and Basis of Organization	*Group Organization*
I. Economic Advantage	
A. Industry, commodity, or service	A Trade associations and industrial institutes, trade unions, producer cooperatives
B. Federation of particular interests	B. Chamber of Commerce of the United States, National Association of Manufacturers, American Farm Bureau Federation, National Farmers Union, American Federation of Labor, Congress of Industrial Organizations
C. Federation of general interests	C. Consumers' associations, taxpayers' leagues
II. Skill	
A. Profession	A. Bar and medical associations, public relations counselors, social workers, educators
B. Research and communication of experience	B. Scientific societies, organizations of public officials
III. Religion	National Catholic Welfare Conference, Federal Council of Churches of Christ in America
IV. Reform	
A Moral causes	A. Anti-Saloon League, Women's Christian Temperance Union
B. Improvement of group status	B. Relief recipients, veterans' organizations
C. Equalization of opportunity	C. Negro, nationality and women's organizations

Interest Orientation of Public Administration Pressure groups have in common a self-regarding singleness of aim which places priority of importance upon the immediate purpose or welfare of the group organization as such. But administrative agencies are also characterized by a focus of aim

[2] *Cf* Bentley, A F, *The Process of Government*, Chicago University of Chicago Press, 1908, Perlman, S, *Theory of the Labor Movement*, New York Macmillan, 1928, Jordan, E, *The Theory of Legislation*, Indianapolis Progress Publishing Co, 1930, Macmahon, A W, "The Mexican Railways under Workers' Administration, *Public Administration Review*, 1941, Vol. 1, p. 458 *ff*, Chase, S, *Democracy Under Pressure*, New York Twentieth Century Fund, 1945

and effort, coupled with a highly developed sense of organizational importance. A bureaucracy transcends the particularism of pressure groups only by the oath of public office and its commitment to the execution of a program delegated to it by the political agencies of policy formulation. Bureaucratic theory attempts to avoid group pressures by referring them to the predetermined legislative policy or to the necessity for rules and regulations applying generally to all groups and situations. The weakness of this formal position is that a bureaucracy is itself part of the structure of the community, and the achievement of its specific aim is in large measure dependent upon its ability to secure the cooperation and support of other group organizations.

If it fails to do so, it loses a valuable opportunity to influence the course of policy. And unless it does so, its own powers and organization may be modified or abolished by legislation induced by pressure from dissatisfied groups or by the legislature's own dissatisfaction with the inability of the bureaucracy to transform the relationships between conflicting groups from controversy to routine. Administrative agencies must keep foremost loyalty to the public purpose entrusted to them. Still, they cannot forget that other social groups share in that purpose and have their own notions as to how it may best be achieved. The public official may be primarily responsible for the formulation of administrative policy, but under democratic conditions his responsibility does not make him the sole judge of the ends of policy. The wise administrator, therefore, keeps open the channels of information and advice between his agency and the private organizations concerned with its operation Indeed, the only question is whether these channels should be established on a formal basis or maintained as a matter of informal personal contact.

Governmentalization of Interest Groups In countries where the scope of governmental responsibility for economic enterprise is much wider than has been recognized in the United States, this interdependence of governmental and economic organization becomes an integral part of the political structure. The Russian trade unions and cooperatives, the German chambers of industry, and the Italian corporations became in effect decentralized operating divisions of the central policy-making agency controlling the national economy.[3] In that role, industrial bodies and groups participated in the formulation of policy in an administrative rather than a political capacity, losing their independence and their opportunity to criticize openly and to press for changes in the direction of policy.

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[3] *Cf* Webb, Sidney and Beatrice, *Soviet Communism A New Civilization?* New York Longmans, 1936; Bienstock, Gregory and Others, *Management in Russian Industry and Agriculture* London Oxford University Press, 1944, Sweezy, Maxine, *The Structure of the Nazi Economy*, Cambridge Harvard University Press, 1941, International Labor Office, *Methods of Collaboration Between Public Authorities, Workers' and Employers' Organizations*, pt. I, Geneva, 1940, Brady, Robert A, *Business as a System of Power*, New York Columbia University Press, 1943

Interest Groups and Class Theory. Returning to a context in which a distinction is maintained between private initiative and governmental control in economic affairs, we may observe that interest-group activity in general accepts the prevailing structure and process of policy formation. It is reformist rather than revolutionary in orientation. Interest groups attempt to make public policy the instrument of their aims. Their techniques include the methods and channels of publicity; withholding or offering financial or voting support; sanctions of cooperation or noncooperation; and personal contacts with public officials through innumerable channels of social, professional, and official association.

Interest-group activity is in a category of thought different from the Marxist concept of class interest, which presumes an irrepressible conflict between the capitalists and the workers. This ideology looks forward to the unification of political and economic activity in the name of an authoritative program identified with the interest of the whole people—or the "classless society." Less inclusive group interests are labeled as collaborationist, diversionist, or reactionary Believers in the class-interest doctrine may engage in pressure-group tactics pending the realization of the classless society. However, they do so without a sense of responsibility for the immediate effects of policy, for their deeper moral responsibility is for the achievement of a different social structure and a new political order of ideas, rulers, and institutions.

Demands for Interest Representation. Historically, the class interests of property were reflected for hundreds of years in the governmental structure and theory of representation underlying policy formation.[4] Since the nineteenth century, however, property representation as such has almost completely been abolished as a qualification for public office. A partial recrudescence of class representation has appeared in recent years. Certain group interests, particularly labor organizations, have raised the demand for specific representation or participation in the formulation of public policy.

As we know, there are always either formal or informal relationships between group organizations and official bureaucracies Furthermore, it is perfectly clear that in the sense of the right to be heard, to be consulted, and to be informed in advance of the tentative basis of emerging policy determination, group participation is a fundamental feature of democratic legislation and administration When, therefore, group organizations press for representation in the official structure of administration, their desire reflects some deeper motivation, whether it be redress of grievances, desire for power, resentment over too limited participation, or fears of insecurity.

What are the forms and types of interest representation, and the ways in which it works? In the following sections three forms will be analyzed, and in the final section some suggestions will be presented as to the appropriate conditions and basic assumptions of such interest representation.

[4] *Cf* Beard, Charles A *The Economic Basis of Politics* New York Knopf, 1945

2. Clientele Organization

Growth of Clientele Agencies. Interest representation finds expression indirectly in the structure of government when an agency is created to benefit a special category of citizens, or to promote the welfare of a group having some specified interest or attribute in common. The best known examples are perhaps the services and financial aids to exservicemen by the Veterans Administration; the research, promotional, and advisory functions of the Women's Bureau in furthering equal opportunities and nondiscrimination between wage earners of both sexes; the comparable activities and grant-in aid responsibilities of the Children's Bureau for improving the health, education, and welfare of mothers and children; the regulation and constructive development of Indian life by the Office of Indian Affairs Clientele organization may be contrasted with the more common organization by function, in which the agency is established to perform a function or service for all categories of citizens, such as a public library or a fire department

A function may be so defined that, in effect, it is restricted to a major industrial or economic group The Federal Reserve System operates through reserve banks whose operations in turn are restricted to banks. The Securities and Exchange Commission's jurisdiction is restricted to security issuers, traders, and organized exchanges engaged in security transactions The Interstate Commerce Commission dealt for many years solely with the railroads and their customers However, when the administrative function is of a regulatory rather than a service or promotional character, the implication is that two or more adversary interests are involved, one of which —having by law been accorded priority—is represented by the public agency In such cases, the clientele principle is transvalued by clothing the group objective wholly or in part with the public interest. This objectification of the group interest in public policy characterizes a great deal of modern labor and agricultural legislation

Disadvantages of Clientele Organization. From the standpoint of economy and efficiency, the clientele principle is defective because it allows many agencies to perform essentially the same basic function for different classes of people In practice, of course, the principle is not carried to its logical extreme. Under modern conditions, the justification for clientele agencies is usually based on special circumstances, coupled with a welfare motive that assumes the desirability of governmental ministration to the needs of an unprotected or underprivileged or unrepresented group The most familiar arguments are that clientele organization is required either to redress existing inequalities or inequities in economic and social life, or to handle technical problems peculiar to an economic process or to a specific class of citizens In the latter case, the distinction between function and clientele loses its meaning, because every functional agency has to

define its jurisdiction to include certain classes of people or cases and to exclude others. However, although clientele agencies may be formally established to perform specified functions, this does not make them functional in purpose or scope.

The crux of the problem of administrative organization turns upon the extent to which the agency becomes exclusive, competitive, or self-centered in spirit. An agency whose activities are focused and directed toward a particular group is likely to be more narrowly centered than one established to perform its function impartially for all citizens. Analysis of governmental structures will usually reveal, however, some functional agencies which have a focus of purpose so narrow that they become more exclusive and self-centered than a clientele agency whose interests range over a broader segment of the population or national economy. Form of organization, whether functional or clientele, is therefore relative to the public purpose rather than to the particular end in itself. No governmental agency should be so constituted as to enable a single group to prevent the agency from taking the most inclusive view of the public interest in any given situation.[5]

Attempts at Internal Balance of Interests. One way of implementing such a standard would be to create agencies with so broad a jurisdiction, covering so many organized groups, that the interest of no one group could be controlling. At first glance this idea would seem to have been followed in the creation of such federal departments as Agriculture, Commerce, and Labor. The functions of the Department of Agriculture include research, information, service, and regulation of processors, distributors, and financiers as well as a great variety of commodity producers. The Department of Commerce deals with interests represented by hundreds of industrial product and service classifications and associational groupings. The Department of Labor's statistical and regulatory functions affect manufacturers as well as scores of industrial and craft unions. All this splintering of "interests" fails, however, to take account of the pressure influences behind the historical development of the three departments and of the psychological factor that the great federations of agricultural, business, and labor groups look upon each department as their spokesman in the highest councils of the executive branch.[6]

As long as the large interest groups retain any degree of virility and unity, they will expect great weight to be given their views on the appointment of top personnel and general policy matters. No government can neglect this factor. Indeed, provided the operating and technical levels of administration are protected from political interference in appointment or

[5] *Cf.* Brookings Institution, *Investigation of Executive Agencies*, ch. 2, Senate Doc. No. 1275, 75th Cong., 1st Sess., Washington, 1937, May, Geoffrey, "Day Dreams of A Bureaucrat," *Public Administration Review*, 1945, Vol. 5, p. 154.

[6] For a general discussion, see Short, L. M., *The Development of National Administrative Organization*, Baltimore: Johns Hopkins Press, 1923.

removal of personnel and in the handling of business, it seems at least arguable whether the political heads of these departments could not be appointed as representatives of farmers, businessmen, or wage earners Aside from a broader public interest, the problem at this level raises another issue, namely, the need of the chief executive for a department head and adviser in whom he has complete confidence, while a group representative by definition has another primary loyalty The dilemma is not insurmountable, but it requires a rare combination of ability, integrity, and flexibility to serve in something like a dual capacity

Functions of Clientele Agencies The functions most often delegated to a clientele agency[7] are of a service character research and exchange of information. The systematic reports and studies of the agency are used by the clientele group or by other groups to press for desired legislation or changes in administrative policy Another function is the formulation of standards, whether of equity and health—as in the employment of women and children—or for the protection of criteria of competence and training to be applied by state professional and trade examining boards In the latter case, the standards are authoritative rather than advisory. They raise the question of formal delegation of rule making power to private groups, since such boards are usually composed of representatives of the professional or trade groups that are seeking state regulation of admission to the profession or trade[8] Inevitably, the standards established have an economic effect in limiting the number of those admitted to the profession or trade However, delegation of this power to private associations has been justified by courts and legislatures because technical and specialized training cannot be maintained without rigorous tests of proficiency.

Generally speaking, the endowment of clientele agencies with regulatory responsibilities runs counter to deeply felt ideas of equity and fairness. The assumption prevails that an agency responsible for promoting the welfare of a particular group or class of citizens cannot be expected to maintain judicial attitudes of impartiality in a dispute involving an interest adversary to that which the agency is supposed to protect or promote This is one of the outstanding reasons for the creation of independent regulatory commissions outside the structure of the executive departments The objection can be disposed of technically by protecting the regulatory tribunal, wherever it be located, from political or other interference in the handling of its cases. The Department of Agriculture, for instance, has many regulatory duties which are administered by single headed bureaus fairly and

[7] The Office of Indian Affairs in the Department of the Interior presents a special case because it performs practically all governmental functions in the areas placed under its jurisdiction *Cf* Meriam, Lewis, *The Administration of Indian Affairs,* Washington Brookings Institution, 1928

[8] The legal questions are discussed by Jaffe L L, "Law Making by Private Groups" *Harvard Law Review* 1937, Vol 51 p 201 *ff* See generally Carr Saunders, A M and Wilson P A *The Professions* London Oxford University Press, 1933

equitably enough to pass the test of judicial scrutiny by the Supreme Court [9] Organizational independence has retained its strength as a symbol of fairness in most areas of federal regulatory administration

Experiences of the Great Depression and World War II Emergency legislation to meet conditions of economic depression, such as the National Industrial Recovery Act of 1933 and the mobilization of industry and agriculture in World War II, resulted in a mushroom growth of clientele agencies The hundreds of NRA code authorities, hailed at the beginning of the New Deal as experiments in industrial self government, were later vilified as promoting monopolies and enabling minority groups to legislate for their private ends.[10] But the mood was passing Faced with the exigencies of defense and war production programs, the Office of Production Management—and subsequently the War Production Board, the Office of Price Administration, the War Food Administration, the Office of Defense Transportation and the Petroleum Administration for War—all developed an organization based upon industrial processes or commodity groupings, and in many cases staffed by men drawn from the ranks of the industries concerned.

With the exception of the ODT and PAW, the main pattern of organization was one of function and process—for example, production and materials controls, price and rationing controls, food production and distribution However, the industry and commodity divisions played a prominent role in formulating limitation and allocation orders or price and marketing regulations, in handling priority applications, and in collecting and analyzing statistical information In the fields of petroleum production and distribution and of railroad transportation, the agencies were frankly constituted and staffed on an industry basis Although headed in each instance by a public official responsible to the President, they relied primarily upon industry initiative and cooperation in developing and carrying out the changes in business practices necessary to meet wartime requirements

In short, it was recognized that our normal governmental machinery and personnel had to be supplemented to meet the demands of war; that over-all policies and controls should not be delegated *in toto* to the broadest industrial groupings; and that a basis of organization had to be evolved that would conduce to maintaining contacts with the regulated groups, securing their advice and active cooperation, giving them prominence in announcing and promulgating administrative policies and regulations, and enlisting them for much of the routine work of administration. The conflicts of policy between the agencies built on industry or clientele and the

[9] *Cf* Kitchen, C W, Regulatory Procedures in Agricultural Marketing and Food Distribution," in the symposium entitled *Lectures on Administrative Regulation*, Washington Department of Agriculture Graduate School, 1945

[10] *Cf* Lyon, L S and Others, *The National Recovery Administration*, Washington Brookings Institution, 1935

functional agencies of control above them, like the Office of War Mobilization, yield some classic case studies in administration. It is probable, however, that these conflicts reflected bottlenecks or divergencies in production programs that would have plagued the war effort in any event regardless of organizational forms

Two general observations stand out. First, any agency which seeks special treatment, privilege, or protection for particular groups deprives itself of a justifiable claim to the administrative responsibility for executing more inclusive general policies of government. Second, while in special cases a group purpose may be identified with the general welfare and with statutory policy, the primary concern of any organized group is with the naming of administrative top personnel and the content of policy.

3. Staffing for Point of View

Grounds for Interest Representation. The question may be asked whether it is possible to distinguish between the content or substance of administrative policies and the officers who are responsible for policy making. In the process of policy formulation, the substance of decisions reached is extremely difficult to dissociate from the personalities and social attitudes of those participating The "organization product" is rarely an individual idea It is usually the fruit of a great deal of preliminary discussion and informal memoranda. Ultimately it turns out in the form of a letter, statement, message, or order which has been reviewed and initialed by representatives of many different parts of the organization.[11] Realizing the relatively indeterminate character of administrative policy-making and the importance of participation in the developmental stages, some interest groups —particularly labor organizations—have requested representation in administration on three grounds first, that such group representation is desirable to equalize opportunities for protecting and safeguarding respective interests; second, that organized groups can make contributions of special knowledge and experience which would not otherwise be available to public agencies; and third, that group participation in policy formulation makes possible the avoidance of mistakes and the integration of diverse viewpoints in advance of formal action on policy proposals

Before discussing the different forms that group representation may take, we should say that there is a practical difference between demands for representation that arise from distrust of the administrative top personnel and demands for changes in agency rules or policies. Administrators may isolate themselves from leaders and currents of group opinion. But by doing so, they lose a valuable opportunity for developing mutual respect and confidence that may be gained through continued formal or informal contacts with outside interests. Self-isolation interferes with the all-im-

[11] *Cf* Appleby, Paul H, *Big Democracy*, ch. 8 'Wanted An Organization Product," New York Knopf, 1945.

portant impression of fairness—the public conviction that decisions are made only after full investigation and consideration of the facts, which includes taking into account the positions and viewpoints of group spokesmen. Such institutionalized contacts and the application of elementary principles of judicious procedure can go far to protect administrators from charges of bias, unfamiliarity with their job, inside manipulation, and "politics" in making decisons.

Demands for group representation that are motivated by a desire to influence policy can be met in a variety of ways. Members of regulatory boards and commissions are usually prohibited from having any financial interest in concerns to be regulated and from engaging in any other vocation, trade, or employment. In such agencies, the demands and views of affected groups are expected to be considered through legal procedures of investigation and notice and through opportunity for hearing prior to a formal decision, regulation, or order. A more direct device—which will be considered in the next section—is the appointment of a representative administrative board whose members are nominated by interest groups. A third technique is the appointment of administrative personnel on grounds of special vocational experience or affiliation. One form of this device is the creation of a special staff unit to maintain contacts with outside groups and to present their grievances, claims, or suggestions to the appropriate officials.

Administrative Appointment of Interest Representatives. The appointment of individuals to public office because of group affiliation squarely conflicts with the civil service concept of appointment by virtue of merit established by competitive examination. Fortunately, the two principles are not incompatible. Group affiliation or vocational experience may go hand in hand with merit and qualification. The question of propriety in appointing group representatives who retain connections of personal loyalty or financial interest in private organizations rests upon other grounds.

During World War II, one type of such representation was the practice of appointing $1-a-year men by agencies like the War Production Board. The Office of Defense Transportation in certain cases employed its top personnel on a "without compensation" basis, the private employer—a railroad—paying the executives their regular salaries. The Petroleum Administration for War adopted the practice of paying regular government salaries, but many of its executives received the difference between their public pay and their private salaries from their previous employer. Representatives of labor organizations appointed to top administrative posts usually followed the principle of accepting government positions but served only part time. They and their labor alternates received compensation on a when-actually-employed basis. At lower levels, public employees appointed as

labor representatives accepted government salaries and devoted full time to their responsibilities.[12]

The practice of dual compensation, or recognition of dual allegiance to public and private organizations, arose in part from the lack of men and women in government service trained in industry operations, familiar with the influential industry leaders, and capable of swiftly grasping the peculiar wartime problems in developing programs of economic mobilization and control. With such outstanding exceptions as Ickes, Eastman, and Henderson, the slower-moving governmental processes of professional research and regulation were for the most part by-passed for the presumed advantages of business experience in initiating and administering the war programs. The policy of appointing outsiders who retained their financial or business connections had definite drawbacks. It gave countenance to charges by other businessmen of special privilege and big-business domination, and lent support to demands for representation of other groups.

Problems of Dual Allegiance. Julius A. Krug, then director of the War Production Board's Office of War Utilities, and Ralph Davies, deputy of the Petroleum Administrator for War, attempted to meet these charges by a so-called "melting-pot" policy. It consisted of recruiting men from all branches and interests in the electric power and petroleum industries—publicly and privately owned enterprises, integrated and independent companies, state regulatory commissions, and so on. The first two administrators of the Office of Price Administration, who maintained a policy of personal disinterestedness of top price executives, were pilloried before Congress and the public for relying in too great measure upon economics professors in administering price control and rationing. The melting-pot policy, if it did not eliminate charges of special-interest domination, was rationalized by the respective administrators on the ground that it gave them the benefit of variety of training, experience, and ability in policy formulation and execution.

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[12] Apparently there is no legal barrier to the receipt of private payment for services rendered exclusively to private persons or organizations when such services have no connection with the services rendered to the government. *Civil Service Act, Rules, and Regulations* (annotated), p. 442. A federal statute of 1917 provided that after July 1, 1919, "no government official or employee shall receive any salary in connection with his services as such an official or employee from any source other than the government of the United States, except as may be contributed out of the Treasury of any State, county or municipality, and no person, association or corporation shall make any contribution to, or in any way supplement the salary of, any government official or employee for the services performed by him for the government of the United States" (violations are misdemeanors punishable by fine of not less than $1,000 or imprisonment for not less than six months, or both); 5 U. S. C. 66. This provision applies to salaries received from a private person or source as compensation or part compensation for the services rendered to the government, and to compensation received if the officer or employee renders the same or similar services to both the government and a private person. 33 Op. Atty. Gen. 273 (1922); 38 Op. Atty. Gen. 294 (1935); 39 Op. Atty. Gen. 501 (1940). See also Kirchheimer, Otto, "The Historical and Comparative Background of the Hatch Law," in Friedrich, Carl J. and Mason, Edward S., eds., *Public Policy*, Vol. 2, p. 341 *ff.*, Cambridge: Harvard University Press, 1941.

The concept of coördination as maintaining a variety and balance of diverse personalities and viewpoints within organizations is a familiar one in administrative theory.[13] Conceived in terms of competition in ideas and incentive for keeping the top administrator informed as to what is going on in his organization, such a policy encourages vigor and initiative all down the line. The condition of its effectiveness in a coöperative system is, however, that the participants accept as preëminent the common purpose of the organization, and that the divergences in understanding and interpretation of that purpose do not undermine belief in its reality as the organization objective. While functional specialization is certainly compatible with organizational unity, it is also well recognized that the widest disparity of individual motives may still contribute to coöperative effort. A general statement of objectives permits wide differences in interpretation as to the best means for accomplishing the organizational purpose. However, neither particular individuals nor units of the staff should be given reason to conclude that other individuals or staff sectors holding conflicting views on policy have a truer grasp of the general purpose or an inside track in policy councils. Systematic encouragement of conflicting views tends to undermine the necessary will-to-coöperate on the lower levels of organizational life. It comes dangerously close to creating internal ideological controversies which few administrators can afford to tolerate.

A sound recruitment policy in any line organization consciously aims at securing a representative distribution or cross section of social experience in its staff. Such differences, so far as possible, should be kept on an individual basis, with a view to appealing to individual incentives and desire for rewards which will contribute toward attainment of the general goal. Introduction of conflicting goals imperils the realization of the highest value within the organization. From the standpoint of an individual who thinks of himself as representing an outside group and conscientiously strives to maintain two loyalties, the experience is apt to be an extremely frustrating and unhappy one, unless he happens to be an aggressive personality who finds self-expression in conflict regardless of outcome.

Acceptance of a job without acceptance of the authoritatively expressed major purpose of the undertaking is a self-defeating act unless the individual adopts a pressure-group attitude which detracts from his usefulness at operating levels. The outside group which favors "representation" but claims that agreement can be reached on methods of administration will soon be faced with two lessons of experience: First, the outside group is bound to lose confidence in its representative when he is identified with the bureaucracy as a jobholder; second, the public employee who thinks of

[13] *Cf.* Dennison, Henry S., *Organization Engineering*, New York: Dutton, 1931; Barnard, Chester I., *The Functions of the Executive*, pp. 86-94, Cambridge: Harvard University Press, 1938; Follett, Mary P., *Dynamic Administration*, pp. 96-116, New York: Harper, 1941.

himself as a group representative will have the greatest difficulty in accepting the channels and levels of authority required by the organization.

Group Representation Through Special Staff Units. Some agencies have deliberately incorporated the formal principle of interest representation by creating staff units on policy, linked to outside groups and maintaining liaison relationships with operating divisions. Examples are the labor, business, and consumer advisory boards of the National Recovery Administration, and the Offices of Labor Production, Manpower Requirements and Civilian Requirements in the War Production Board. The NRA advisory boards were given a formal power of withholding their assent to a code of fair competition to be approved by the NRA administrator, later the National Industrial Recovery Board. The labor and consumer boards naturally used this power to delay the promulgation of codes until the labor and price provisions were satisfactory to them.

The process of negotiating codes took on bargaining aspects which had both good and bad results. The boards established some standards of phraseology and policy which were accepted by the administrator and his deputies. These standards improved the administrative feasibility of the codes and helped to raise the level of competitive practices in industry. At the same time, the boards and their staffs psychologically separated themselves from the code administrators and developed a corporate unity and loyalty of their own. This resulted in a lack of consensus on the purpose of NRA and an attitude of irresponsibility toward the administrator's problems. The veto power had to be used too often and came to be overridden by the administrator as a matter of form, accentuating the lack of sympathy and mutual deference.

At the top level the boards met separately and moved progressively away from close touch with the administrator, while their staff members were inhibited from assuming the role of technical advisers to the code administrators. It was only for a brief period of six months prior to the judicial burial of NRA that a smooth-working device of policy coördination was developed from the boards. This was an advisory council composed of two top staff members from each board, created to review policy questions arising under any code of fair competition. The council acted as a group of technical experts, who secured full reports and investigations from their own staffs as well as the code administrators. It thus carved out a role of authoritative advice to the National Industrial Recovery Board. It is noteworthy that the council developed into an effective tool in supervising the actual administration of the codes after they had been negotiated and promulgated. It therefore conflicted squarely with the principle of industrial self-government by code authorities in the initiation of changes in general NRA policy.

When the Office of Production Management was created soon after the inception of the defense program, a novel form of interest representation

was adopted. Administrative authority was divided between Director General William S. Knudsen and Associate Director General Sidney Hillman. The latter was responsible for a Labor Division, headed by a Princeton economist, J. Douglas Brown. The Labor Division was plagued by the distrust of trade union leaders toward the "technicians" on Brown's staff when the chips were down on issues of industrial reconversion for war. There was no such thing as preparing for war by writing codes of regulation. With little time to bargain about methods, the question was how to get out war production. The story of labor representation in the period of reconversion to war remains to be written, but its main elements are likely to be: (1) industrial and military insistence upon the policy initiative; (2) distrust of labor participation on issues of military or management prerogative; (3) labor's attempt to influence policy by securing separate representation and by making demands in policy conferences on a bargaining basis; and (4) labor's refusal to permit bureaucrats, even those selected by its own leaders, to make by themselves final commitments or binding decisions as a matter of administrative policy.

After Hillman's undermined health had forced him to leave his post and a more unitary top control over war production had been installed under Donald Nelson, the Labor Division was replaced at presidential direction by an Office of Labor Production, reporting to the chairman of the War Production Board. The first director of the new agency, a former Michigan Commissioner of Labor, was replaced early in 1943 by Joseph B. Keenan of the American Federation of Labor. At the same time, a new Office of Manpower Requirements was created under Clinton S. Golden of the Congress of Industrial Organizations. The representative character of these men could not be questioned by the unions. As the pattern of WPB limitation and allocation orders, priority administration, and budgeting of controlled materials had by this time been established, Keenan and Golden turned their attention to the problems of developing channels of communication, information, and influence within the complex WPB organization.

In this effort, they relied largely upon their deputies, George Brooks and Ralph Hetzel, who were experienced in the intricacies of administration and appreciated the necessity of conforming to the conditions of bureaucratic coöperation. With few exceptions, they succeeded in settling their internal problems, and worked out procedures for placing a labor representative in each industry division or bureau to advise on labor matters arising under the WPB programs. Their major problem became in fact that of staking claim to functions which other labor agencies—the Department of Labor in labor disputes and the War Manpower Commission in securing adequate sources of labor supply—would recognize as falling within the province of WPB.

As long as the chairman of WPB considered the participation of labor valuable in the stimulation of production and the administration of mate-

rials allocation or limitation orders, labor's advisory position within WPB was protected. Toward the end in the area production committee approach and in the termination of war contracts, the labor units shifted their programs from an emphasis on influencing top policy to one on cooperating with other units in the organization in coordinating administrative policy, on the whole with somewhat less effectiveness than had the staff of the labor advisory board in the NRA advisory council Again, as in NRA, it was in the declining rather than the formative period that labor representation through special staff units really tackled the problems of organizing for effectual work in a complex hierarchical organization. Only then was definite progress made toward gaining matter of course recognition by officials at all policy levels in the agency for the labor staff members' contribution in information, ideas, and ingenuity

We may question, however, whether labor organizations generally have grasped the significance of this lesson Or, if they have, whether they look upon their experience as a failure in labor representation, with the inference that they should press for more influential jobs next time rather than search for an effective device to influence policy from the labor point of view.

Consumer representation in the war effort was divided at a very early stage In 1941, the Office of Price Administration and Civilian Supply was reduced in jurisdiction and title to OPA The function of securing an adequate production of materials and goods for nonmilitary uses was placed in the Office of Production Management, where the consumer interest was very largely considered in terms of the problems of the manufacturers of civilian type goods and materials Originally staffed mainly by economists under Leon Henderson, the OPM Office of Civilian Supply eventually became the Office of Civilian Requirements It was gradually transformed into a group of broadminded businessmen with the functions of advising the industry divisions on production and materials problems from an overall standpoint, and of acting as a claimant agency for the controlled materials left over after the military and strategic civilian claimants had justified their requirements to the program vice-chairman and the requirements committee of WPB During a limited period in 1942, the office did in effect make strategic determinations as to materials allocation However, this was terminated when the program vice-chairman became responsible for allocating materials among competing military and civilian uses.

The general consumer interest was therefore split up, in terms of the functional division of labor, between production control in WPB and price control in OPA The latter inevitably pushed for precedence over production urgencies and was usually in opposition to WPB requests for higher prices to elicit increases in production. The domestic consumer interest became identified with a total agency function. At no time was specific representation demanded by consumers as a group. Industrial consumers or producers, however, secured a congressional proviso on OPA's funds

requiring that no official receiving more than $4,500 a year should have had less than five years' responsible "business" experience. Here again, Leon Henderson's professional economist-administrators were gradually replaced by men of business training and background. Whether the later appointees were better administrators than their predecessors remains to be proved. In any event, the supporters of price control did not renounce their faith in OPA because of this development, nor did the record of price control thereafter show any trend unfavorable to price stabilization until several months after V-J Day.

Balance Sheet of Experience. Objectively, the policy of staffing administrative agencies for "point of view" involves two logically contradictory criteria of selection and training. The responsibility of the administrator for achieving results under the policy of the law called for authority to appoint subordinates upon whose ability and judgment he could rely. At the same time, responsibility and loyalty of his administrative subordinates were to symbols or organizations outside the agency by which they were employed.

It may readily be admitted that administrative ingenuity should not be stultified by logical dilemmas. In the first place, when the factors of time and place are taken into account, it is conceivable that nine-tenths of the employee's job will never raise a conflict between his two loyalties. Secondly, the administrator may find ways of canalizing or utilizing the energies of interest representatives so as not to interfere with vital parts of his program. Thirdly, in many cases, the interests of outside groups may be complementary to his own, and mutual exploration of policy alternatives may remove barriers raised by institutional distance, misunderstanding, and errors in judgment. Considerations such as these, however, can be met by arrangements which do not impose equal strains on lines of administrative responsibility and individual personalities.

The legitimate aspirations of labor, consumer, or citizen groups for more effective participation in administrative policy making should not be directed toward securing positions as group representatives at operating or technical levels. Creation of representative staff units at the top policy level, reporting directly to the administrator, may have some public-relations value to both the outside groups and the public agency. However, the advantages of inside information and symbolic cooperation with government that accrue to the outside group are probably outweighed by the implicit limitations upon freedom to criticize; the emotional and physical strains upon the group representative; and the unpleasantness of being open to charges from the group itself of bureaucratic sympathy by virtue of holding a government job. If the administrative job is worth being done, it would be best to place responsibility upon the administrator for making appointments on the basis of individual qualifications in relation to the job to be done; urge him to seek as varied as possible a basis of social experience, training, and personality in recruiting his staff; permit him to create the

healthy and necessary unity of effort that arises from willing cooperation in an organization with high morale; expose him to outside policy pressures, and compel him to inform his public as to what he is doing. It will pay, however, to protect him from ideological conflict within his own staff.

4. Interest Representation on Administrative Boards

Membership Requirements. Practical politicians and political scientists are well aware of the opportunity for representation of group interests when public agencies are headed by boards instead of by single administrators. Specifically, economic group representation may here be concealed by the qualification of appointees as party members—usually stated in terms of a limitation upon the appointing authority that no more than two members of a three-man board or three of a five-man board shall belong to the same political party. This leaves the chief executive ample discretion to nominate candidates acceptable to him, subject to the advice and approval of party organizations expressed informally as well as through one or both houses of the legislature.[14] Painstaking analysis of the biographical history and administrative record of such appointees will show how many of them tend to favor particular group demands, but it may also reveal considerable independence of thought and refusal to follow lines of group cleavage under conditions of relative permanence of tenure.[15]

Specific representation for economic groups has been tried spasmodically in the establishment of regulatory tribunals. Demands for it are associated with the idea that those responsible for wielding powers of such vital concern should have practical knowledge of the problems of the regulated groups. The legislative method is to insert a statutory provision that members of the board or commission shall be appointed as bankers, workers, businessmen, and farmers, or with experience in defined occupations. These provisions are found more frequently in state laws than in federal legislation, and there has been no general federal tendency toward adopting such requirements, for several reasons.

The appointing chief executive can take the element of vocational experience into account without formal limitation in the law. Moreover, legislators wish geographic and political affiliations to be considered as well. If the chief executive has a particular candidate in mind, he can usually find technical ways to meet the legal qualification. The legislature or the group interests therefore cannot ensure, as a matter of law, that their candidates

[14] *Cf.* Herring, Pendleton, *Federal Commissioners*, Cambridge: Harvard University Press, 1936; Zeller, Belle, *Pressure Politics in New York*, New York: Prentice-Hall, 1936, McKean, D. D., *Pressures on the Legislature of New Jersey*, New York: Columbia University Press, 1938.

[15] C. H. Pritchett's studies of the voting record of the Supreme Court led him to conclude that the major line of division between the justices is "the allowable extent of public controls versus private rights." This issue of principle transcends and cuts across lines of group conflict except insofar as some groups maintain a consistently antigovernmental or *status quo* position. See "The Divided Supreme Court," *Michigan Law Review*, 1945, Vol. 44, pp. 434-442.

will be selected It is constitutionally doubtful, as well as undesirable from the angle of public policy, for the legislature to exercise the power of nominating the appointee Hence, if an organized group cannot succeed in tying the chief executive's hand by this method, it may prefer not to alienate him by a halfway step and rather approach him through informal and political channels. In the case of proposals for bipartisan representative boards, the group making the demand must anticipate counterdemands from other groups, with the implicit inference that a balance of power would be lodged in a public representative uncontrolled by any group. The consequences of permanently implanting such a conflict in administrative bodies should give pause to outside groups interested in effective and prompt procedural action [16]

Nomination by Interest Groups A third device, which may be either formal or informal, is to provide for appointment by the chief executive upon nomination by interest groups This is the method by which most state professional examining boards are appointed In a nonpolitical context, it amounts to permitting professional groups virtually to appoint their candidates and fix the technical standards of entrance to their trade or profession The line between the political and nonpolitical is easily crossed, however, and such agencies move carefully to secure legislative authorization for their tests and sanctions in granting or revoking certificates to practice [17]

In establishing public corporations the British have used variations of the device of formal nomination by group organizations to avoid "political" influences or control by government departments, and to secure the advantages of technical experience on the boards of directors The governing board of the Port of London Authority is composed of eighteen members elected by shipowners, merchants, rivercraft owners and wharfingers, and ten members appointed by public authorities Of the public authorities' appointments, two are generally representatives of union labor The Central Electricity Board of seven members is appointed by the Minister of Transport after consultation with such interest representatives as he thinks fit—that is to say, local government, electricity, commerce, industry, transport, agriculture, and labor The London Passenger Transport Board is appointed by an *ad hoc* independent body of appointing trustees, composed of the chairman of the London County Council, the president of the Law Society, the president of the Institute of Chartered Accountants in England and Wales, the chairman of the Committee of London Clearing Banks, and a representative of the London and Home Counties Traffic Advisory Committee. There are two common elements in British methods of appointment through group organizations (1) creation of a public agency to do

[16] On this whole question see Leiserson, Avery, *Administrative Regulation*, Chicago University of Chicago Press 1942

[17] For a general discussion see below Ch 15, Legislative Control"

a job without 'political" interference, and (2) deliberate representation of many interests in order to prevent any one line of conflict from predominating, thus creating a situation in which managerial responsibility must be recognized.

Bipartisan and Tripartite Boards. The outstanding governmental function in which the representative board has been used time and again is the settlement of labor disputes In spite of repeated disappointments, the demand for a bipartisan or tripartite board directly nominated by employer groups and unions, with or without participation of "the public," somehow always recurs The reasons seem to lie in part in the complexities of employer union relations, the facts of which are known better to the parties than to 'outside" mediators or arbitrators; the disinclination to allow government agencies to administer any policy—however named—of compulsory arbitration that might control the terms of the labor bargain; the familiar custom and pattern in negotiation to be personally represented on the decision making body when the policy settlement is unclear; and the desire of many labor leaders for status and prestige arising from participation in governmental policy making

It is here necessary to introduce distinctions or functional differentiations which complicate the problem but are essential to full understanding Bipartisan boards, composed of an equal number of employer and union representatives, have functioned successfully for many years in the arbitration of collective bargaining demands However, they operate quite differently when the problem is one of working out the details of applying an existing agreement, or of deciding general policy questions such as those of the proper level of wages and whether union membership should be a condition of employment An analogy might be drawn in distinguishing between the problem of administering a provision that railroad freight rates shall apply fairly and equitably to different classes of shippers, and the problem of raising or lowering the general level of freight rates or changing the differentials between classes of shippers

If the purpose of public policy is to throw primary responsibility for settling disputes back upon employers and unions, a bipartisan board may be appropriate When the parties themselves have failed, as in disputes over proposed changes in labor agreements or negotiation of new agreements, another element is injected It is the requirement that a public agency shall intervene, either to mediate the dispute by recommending formally to the parties a basis of settlement, or to decide authoritatively the terms of settlement In these situations, representation of the disputants upon the public body tends to inhibit rather than promote a free formulation of the issues in terms from which agreement might be developed Bipartisan or tripartite boards dealing with problems of changing general policy therefore invite continuance of settled lines of dispute, and tend to throw the burden of decision on the public or neutral members of the board All this is well

known Yet because unions do not wish compulsory settlement of labor disputes, they are recurrently urging bipartisan or tripartite representation on governmental labor boards

Record of Wartime Labor Boards The National Defense Mediation Board (March-December, 1941) and the National War Labor Board (1942-1945) are our most recent and dramatic case studies of tripartite representation. The first had four representatives of labor and employers, and three public members; the second had four representatives for each of the three groups After an excellent record of settling disputes by recommending wage increases—facilitated by government defense contracts—the Defense Mediation Board fell apart when the CIO members resigned because the public members refused to recommend a union shop for the coal mines operated by the steel companies

The shock of Pearl Harbor caused a reorientation of the board's thinking. At the National War Labor Policies Conference in December, 1941, a no-strike, no-lockout pledge was secured from labor and management. President Roosevelt added a third condition—that the renamed National War Labor Board would be empowered to settle all disputes Thereafter, the board operated on the theory that some form of security would have to be given unions in return for renouncing the strike for the duration of the emergency. A maintenance-of membership clause with a 15 day withdrawal period was the formula finally decided upon As the employer representatives did not resign from the board, the public members were entitled to infer that the difference between industry and labor had been "narrowed" from an "impassable gulf" to an acceptable solution of the conflict [18]

The government's wage stabilization policy, announced in April, 1942, and the adoption in October of the Economic Stabilization Act, brought new difficulties upon the board The "Little Steel" formula was adopted in July over the dissent of the labor members, but they did not resign On the contrary, they found that it was still possible to secure wage increases, and under the board's wage policies of November 6, 1942, increases were in some cases agreed upon by the employer and union representatives that placed the public members in a dissenting minority The "Hold the-Line" executive order of April 8, 1943, stopped this, but the union members remained Now another element of friction entered The executive order had made the director of Economic Stabilization superior to the board in policy review and coordination, interfering with its freedom to apply the wage stabilization policy to the decision of disputes in its own discretion. The necessary relationships between the public members of the board and the Economic Stabilization director became a serious issue to the labor members, some of whom openly charged the latter official with "politically" interfering

[18] Davis, William H 'Aims and Policies of the National War Labor Board *Annals of the American Academy of Political and Social Science* 1942 Vol 224, p 145

with board responsibility and with controlling the decisions of the public members.

Test of Interest Compromise. The real test of the representative administrative board, however, lies in its success in resolving policy problems by compromising the differences between the groups represented on it. The great compromise that the War Labor Board brought about was the acquiescence of employers in the policy of maintenance of union membership and the cooperation of organized labor with wage stabilization. We must admire the accomplishment of the public members in holding the board together, and thereby maintaining an enormously important symbolic unity between labor and management during the war period It may safely be stated, however, that it was only the exigencies of war that induced labor and industry to accept the wage stabilization program

Students of the internal procedures within the board will notice the delays and backlogs of cases due to the refusal of employer and union members to accept policy decisions of the board as precedents in handling new cases. Here, once more, the verdict of history will decide whether the recognition of basic interests and the preservation of external unity were worth the price of administrative delays and suspension of the processes of collective bargaining The contention that the War Labor Board advanced collective bargaining and developed a legacy of policy which unions and employers would wish to preserve after the war went up in smoke within sixty days after Japan surrendered Both parties seem quite united on keeping government out of labor disputes. Yet we may question whether this attitude will be permanent, and whether tripartite representation would not again be requested if governmental intervention in specifying the terms of the labor bargain were to become imminent

5 The Principle of Consultation

General Theory of Interest Representation At this point, the outlines of the general theory of interest representation may briefly be sketched The underlying idea is best described by the phrase "economic federalism," in the sense of a division of authority and function between government and the broad economic groupings in which men and women spend most of their working hours and derive their personal appreciation of the political process The ethical foundation of the concept is found in the importance of creating in the community as wide as possible a basis of training and experience in governmental affairs, and of the deeper unity arising from a commonly shared sense of contribution in solving social problems. The theory appeals to social democrats because of its justification of autonomous group life, and perhaps also because it is ambiguous enough to apply to three different forms of institutional arrangements, enabling its exponents to substitute one for another without being politically inconsistent. The

three organizational concepts are excellently illustrated in the writings of Professor Harold J. Laski.

In World War I, during a period in his life of observation and speculation on a relatively abstract plane, Laski was greatly impressed with the importance of permitting voluntary groups such as unions and churches a high degree of freedom to select and pursue their objectives under organized government dominated by private-property attitudes.[19] Later, in his *Grammar of Politics*,[20] Laski rejected a constitutional structure based upon autonomous groups wielding powers of both economic and political decision. He substituted for this form of federalism a concept of group representation and consultation at policy levels of public administration, wisely allowing such details as the degree of policy-making authority and the selection of representatives to vary with the nature of the administrative problem. During the ensuing twenty years, Laski reflected on both the menace of fascism and the internal divisions within the Western democracies that inhibited the formation of an aggressively democratic program. After entering active politics, he has come to emphasize the importance of a unifying democratic faith. The contribution of economic groupings to such a faith cannot be a matter of autonomous choice. It must be made in cooperation with government through a uniting symbol of the most inclusive good—namely, the program of a freely elected people's party.[21]

Basic Distinctions in Group Representation. We can now see that the concept of economic group representation allows distinctions as to: (1) the level of policy determination—that is to say, the area and scope of governmental jurisdiction over which general decisions of economic policy should be made and within which local or functional differentiations should be permitted;[22] (2) the recognition of power groups and other interests in general policy formation; and (3) the method of organizing the process by which interest participation should be guaranteed. The problem involved in the first distinction is clearly one of paramount political and legislative policy. Any attempt to solve such questions by the exercise of administrative power simply throws the administrative agency into the middle of political controversy that a higher political authority should decide, unless it be assumed that politics and administration are one.

The problem arising from the second distinction refers in part to the constitutional guarantees and rights of free association, petition, and assembly. However, it blends into the administrative sphere when an agency is given discretion to select and define the group categories or organizations

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19 *Foundations of Sovereignty*, "Administrative Areas" and "The Pluralistic State," especially p. 75 *ff*, New York: Harcourt Brace, 1921.

20 Ch. 2, and pp. 282-285, 384-387, New Haven: Yale University Press, 1925.

21 *Faith, Reason and Civilization*. New York: Viking, 1944.

22 Paul Appleby has pointed out that from a management standpoint it is nonsense to decentralize until central policy integration has been attained. *Op. cit.* above in note 11, pp. 100-102.

whose interests it desires to take into account. This problem may be summed up by saying that powerful group organizations can usually get their views presented. The difficulty of administrators is to maintain a clear understanding that their public responsibility is broader than their allegiance to any one group Their responsibility requires consideration of general governmental policy and the interests of the community as a whole

Organization of Interest Participation. The scope of this chapter has been in general restricted to the third problem, which can be restated as the question of how to take into account the views of all relevant group interests in administrative policy-formation. We have analyzed several organizational devices and found each somehow unsatisfactory. This seems to be due to two factors. First, while administrative discretion affords an opportunity for groups to press for favorable determination of policy questions that are not yet legislatively settled, most groups fail to realize that an administrative agency cannot attempt to decide larger controversial issues without risking its own security through political conflict[21] Second, interest groups often fail to recognize that they may want fairness and impartiality in administration even more than they want a share of official responsibility for policy determination.

The vital problem of how to bring interest-group influences to bear upon the process of administrative policy-formation is not a simple matter of calling conferences and holding hearings. The sense of participation is essential to social or public morale, but this is not automatically secured by formal arrangement It must be developed and learned by creating a set of understood conditions, special skills, and mutual responsibilities on the part of the group members, their leaders, the administrator, and his staff When these specifications have been met and the participants have learned how to promote their separate interests by working together, some form of the advisory committee will be found most acceptable to all. The reason is obvious If we assume that consent is necessary to the administrator and that group interests wish to be freely and independently represented, the incentive should be placed upon the administrator to win group assent, and the group representatives should be free to withdraw and to criticize. Three wartime examples are pertinent

Three Wartime Examples The first example is drawn from the experience of the Office of Defense Transportation, which set up an advisory committee composed of representatives of railroad management and labor to consider wartime measures of conservation and efficiency Such measures necessitated revision of treasured union rules embodied in established union agreements. ODT, for reasons best known to its staff, chose by order to abrogate rules prescribing the length of trains. While, in the light of wartime

[21] The proper distinction is that administrators need not be neutral in their recommendations on forward-looking policy changes and should contribute actively to their decision, but should not decide themselves

conditions, the unions might have delivered up their dearly prized rules, the fact remains that the abrogation worked to the pecuniary advantage of the carriers, who sought to escape from the conditions of bargaining agreements under the guise of lofty principle As a consequence, the union members of the ODT advisory committee resigned and sought redress—obtained subsequently—through direct negotiations with the carriers. And ODT lost a channel for securing the cooperation of the railroad unions in its wartime tasks.

The second example is the Management-Labor Policy Committee of the War Manpower Commission The committee went through two stages (1) 1942-1943, when as a bipartisan labor management board it practically ran WMC; (2) 1943 45, when it was reorganized to include representatives of agriculture and to place highest-ranking officials of the great national labor, business, and farmer organizations on the committee. The effect of the shift was that the committee was somewhat less frequently consulted and had less to do with administrative detail.

Nevertheless, in both stages the committee members agreed and insisted that voluntary methods should be relied upon to control the flow of manpower into essential civilian industries and occupations By and large, the government followed this policy throughout the war, except for moral pressure exerted through publicity and advertising and through "paper" controls such as employment stabilization plans and centralized referrals to jobs in each community through the employment offices, and the collateral control of wages by the War Labor Board If any general criticism of wartime governmental manpower policy may be made, it is that the War Manpower Commission and its chairman failed to formulate a positive program, on the one hand permitting the military agencies to fix their own manpower requirements, on the other following a separate policy with respect to the requirements of nonmilitary employers of labor

The third example is the wartime policy of the British Minister of Labor Ernest Bevin established a joint consultative committee composed of representatives selected by the Employers' Confederation and the Trades Union Congress This committee did not attempt to assume responsibility for determining British manpower policy The government initiated and sponsored the drastic powers assumed by it in the Essential Work Orders-in-Council, but it took pains to initiate consultations with the joint committee on every step and change of policy while these were being formulated [24] Apparently the same procedures were not followed in planning for military demobilization, however [25] Although the Minister in charge of reconversion planning, Lord Woolton, advised the committee that demobilization

[24] See Radcliffe, J V, "Trade Unions Part in Britain s War Effort *Annals of the American Academy of Political and Social Science*, 1942, Vol 224, pp 117-123

[25] British Trades Union Congress *Report of General Council* pp 161 162 Blackpool, 1944

plans were at an advanced stage, he refused to indicate their general outlines or principles. The Minister of Labor informed the committee that he was "not in a position" to give any indication of the government's plans. The General Council of the Trades Union Congress then formally told the Prime Minister that a violation of the principle of consultation had taken place. The Prime Minister's reply, made more than two months later, stated that the demobilization policy should first be announced to Parliament. The deterioration of consultative relationships reflected in this decision of Winston Churchill may well have had a bearing not only on the quality of civilian morale but also on the withdrawal of the Labor Party from the government in less than a year.

Foundations of Interest Consultation. These three applications of the principle of consultation do not demonstrate once and for all its superiority over other forms of "shared participation" in public policy-making. They illustrate the workings of a coöperative arrangement which places priority of importance upon: (1) mutual respect for responsibilities of administrators and group leaders; (2) working with others rather than allowing one group to put something over on the others that they don't have to take; (3) fair dealing by making information available on purposes and methods of administration within the defined scope of the plan; and (4) providing opportunity for criticisms and suggestions. The principle of consultation on the administrative level clearly will not appeal to those who assume that their views must be adopted or they won't play. It will work only under conditions where the participants assume that a process of expert investigation and open discussion is the proper way to discover the best means of realizing an agreed-upon public purpose.

He who is more interested in influencing the formulation of that purpose is simply expressing his legitimate preference for participation in political conflict rather than for reducing political decisions from debatable hypotheses to administrative operations. It is confusion thrice-confounded to carry such conflict into the administrative process and to make administrative organization the arena for continuing political battles. Unless we decide to delegate governmental powers to a single political group which can only be overthrown by violence, we must assume that tentative solutions to our social and economic conflicts can from time to time be reached by those skilled in winning the people's votes, who will turn over to those trained in administration the task of seeing to it that the terms of political settlements are made to work.

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CHAPTER 15

Legislative Control

1. Means and Conditions of Control

Central Issue of Governance. The distinctive institution of popular government is the representative assembly. But representative assemblies alone cannot govern. The power to lead in policy-making and to direct administration must be vested in a chief executive. Although popular authority *may rest in the representative assembly, an aggregation of five hundred* men and women in a hall does not constitute a government.

In democracies, one of the fundamental constitutional problems is that of the relations between the representative body and the executive branch. Unfettered and uncontrolled power may gravitate to executive agencies if the popular body is weak. On the other hand, if inadequate power is vested in the executive branch, government may follow a faltering and hesitant policy, at times with risk to national survival. If the representative body attempts to assume the executive function, it tends to become a market place where individuals and factions bargain away the national welfare for sectional or parochial gain.

Our scheme of separated powers creates peculiar difficulties in the adjustment of relations between the executive branch and the representative body. By design, the constitutional system assures rivalry—and therefore friction—between them; by checks and balances it laces both together in inescapably close relations. Not only do we have the frictions inevitable between the legislature and the chief executive, each independent and equal. In addition, the administrative departments are caught between the rival claims of both.

Members of Congress often declaim in tones of irritation that the bureaucrats ought to keep in mind their responsibility to the elected representatives of the people. Yet the bureaucrat knows that through a definite hierarchy of control he is accountable to the President, who under the Constitution is the chief executive vested with powers of direction. Moreover, the President as well as Congress is chosen by the people—a fact often disregarded in the bickering of lawmaker and executive. Although it rarely

arises in such bald form, the question often distills down in particular cases to whether the President or Congress shall direct the administrative agencies in the execution of the laws The forces polarized around this issue permeate the entire executive structure and account for many of the basic characteristics of American public administration.

Formal Means of Legislative Control. Although we speak of "legislative control" of administration, our constitutional theory does not contemplate that the chief executive will be subservient to the legislative body. Legislative supremacy requires that the tenure of the principal executive officers depend on the will of the representative body In our system, both the legislature and the chief executive have ill-defined spheres of dominance. Legislative influence manifests itself in the process of relating the functions of legislative and executive organs Denied the formal power to designate the chief executive and the heads of executive agencies, legislators seek to influence the direction of administrative policy by other means.

The principal formal means in the hands of Congress for control of the administration are the powers of enacting, amending, and repealing legislation, of investigation, and of appropriation. In addition, the Senate has the right to review presidential appointments, except those to "inferior offices," which are vested in the President or the heads of departments. These types of formal authority are not all the means of legislative control; the fact that formal powers exist and may be used enables Congress and its members to exert great influence by such methods as criticism from the floor, or through press statements and by personal contact and individual pressure. Each administrative agency keeps a sharp eye on congressional attitudes and often trims its sails accordingly.

The mere mention of these legislative powers indicates their significance as means of control of administration. Acts of Congress fix the limits of power which may be exercised by administrative agencies, and often the manner of its exercise. Moreover, authority which is granted may be withdrawn Administrators must proceed on the assumption that the legislation they administer may be repealed or modified However, the power of repeal is difficult to exercise; opportunities for obstruction in the legislative process are many, and a repealing act must be signed by the President or passed over his veto

In recent years, a method has been developed by which Congress can virtually repeal a law without the possibility of defeat by Presidential veto Many emergency acts of World War II were to remain in effect until six months after the end of the war, until a date specified in the act, or "until such earlier time as the Congress by concurrent resolution or the President may designate." Concurrent resolutions are not submitted to the President for approval. Hence a means has been invented—though of untested constitutionality—by which Congress can in effect repeal legislation or withdraw powers from administrative agencies without the danger of a presi-

dential veto.[1] While no case of use of this power has occurred, the very existence of the power is not without its effect within the executive branch.

Congress exercises even more effective control over administration by enacting legislation to be effective for only one year or for some other determinate period. Administrative policy and performance may therefore be reviewed by Congress when an extension of power is sought. For months preceding the renewal of such an act, its administrators walk warily, perhaps fearing to take steps of urgent importance lest some group in Congress be annoyed. The reciprocal trade-agreement program provides an example of an administrative activity based on limited-term legislation. Many important war activities—for instance, price control, priorities, selective service—were based on short-term legislation Administrators must wage battle for renewal when the expiration dates of such statutes approach. The difficulty of obtaining positive action from Congress gives to congressional opponents of a policy based on short-term legislation certain advantages which they do not enjoy under ordinary legislative forms.

The appropriating process is the most comprehensive and the most systematic means by which the legislature reviews administrative activities. Once a year administrators must appear before the subcommittees of the two Appropriations Committees and explain and justify in great detail their requests for money They must answer questions—some penetrating, some sympathetic, some unfriendly—about their operations. Once a year they are on the carpet and must be prepared to defend their work against whatever criticism the members of the Appropriations Committees feel disposed to make. In the course of the hearings, legislative instructions are often given which, while not written into the appropriation act, are regarded as binding.[2]

Looking Into Particulars. The power of investigation is in theory a method by which Congress obtains information on which to base legislation. In fact, it tends to be in the main a method by which Congress directs public attention to particular administrative situations and makes its wishes known to administrators Many varieties of investigations are conducted by congressional committees. In some instances, resolutions grant committees full power to compel the attendance of witnesses and the production of records and papers In others, a quorum of a standing committee decides to conduct an inquiry and requests the appearance of administrators. In some instances, the inquiry is conducted with the assistance of a competent staff which does the spadework necessary to prepare for an informative public hearing In others, committee members depend on their own personal knowledge for an offhand interrogation of the witnesses. In motive the inquiry may be a sincere and responsible effort to promote the public

[1] See White, Howard "Executive Responsibility to Congress via Concurrent Resolution," *American Political Science Review*, 1942, Vol 36, pp 895-900

[2] Consult the excellent analysis by Macmahon Arthur W, "Congressional Oversight of Administration The Power of the Purse," *Political Science Quarterly*, 1943, Vol. 58, pp 161 190, 380 414

good. Or it may be simply designed to discredit individuals or programs in an unfair manner.[3]

From time to time Congress virtually assumes administrative functions by acting on individual cases rather than in terms of general principles Thus an appropriation act of 1944 provided that "prior to the acquisition or disposal, by lease or otherwise, of any land acquired for naval use under the authority of this, or any other act, the Secretary of the Navy shall come into agreement with the Naval Affairs Committees of the Senate and of the House of Representatives with respect to the terms of such prospective acquisitions or disposals. . . "[4] Similarly, the Alien Registration Act of 1940 provided that the Attorney General should deport immediately any alien whose deportation had been suspended more than six months if the "two Houses pass a concurrent resolution stating in substance that the Congress does not favor the suspension of such deportation." Congressional participation in individual administrative actions, however, is more generally accomplished by less formal methods

Atomization of Control The existence of all these powers in the legislative body is elementary. The conditions of their exercise are matters less well understood Congress, House of Representatives, and Senate are terms evoking in the mind the notion of an assembly that debates, deliberates, and decides. Such notions must be supplemented by more adequate conceptions if we are to comprehend the interplay between legislature and administration. Congress as a whole can really master and decide only a few main issues. So great is the volume of legislative business and such are our parliamentary practices that we have in reality not one legislative body but scores of small legislative bodies When we seek to understand the relations of Congress with the executive branch, we must speak, not of either, but of this Senator, or that Representative, or this committee, or that bloc and the administrative establishment The actions of Congress are in the great majority of instances those of a single member, or two, or a handful—actions which their colleagues ratify or to which they raise no objection.

The committee system accords great power to a few individuals in Congress Our Congress does not have the great fear of committees that some representative bodies manifest Committees are not regarded with jealousy as groups that grasp and exercise the power of the entire body, but as the normal media for doing business Consequently, committee chairmen in particular are very powerful. Their power is greater for obstruction than for initiation; nonetheless it is formidable If a measure goes through the committee, its chances of adoption are good. If the com-

[3] See Dimock, Marshall E, *Congressional Investigating Committees* Baltimore Johns Hopkins Press 1929 McGeary, M N *The Developments of Congressional Investigative Power*, New York Columbia University Press, 1940

[4] 58 Stat 189

mittee is hostile, the measure is almost certain to die in spite of the occasional invocation of the discharge rule to compel the committee to report the bill.

Weakness of Legislative Discipline. Power is not only dispersed within the representative body, beyond that, the individuals of influence also are not necessarily in agreement with each other or with the dominant views of the majority party. The choice of committee chairmen is ordinarily determined by seniority of service, and the secret of success in Congress lies in a combination of horse-sense, luck, and longevity. A committee chairman, though belonging to the party headed by the President, may therefore be completely at outs with the general policy of the government. Thus, in a critical period in World War II, the chairman of the Senate Military Affairs Committee was quite hostile toward the principal phases of our defense policy.[5] The major parties in House and Senate have discovered no way to bring such dissenters into line with the general party program or prevent their selection for committee posts. Nor has the House or Senate found a way to discipline the few irresponsible members who bring the lawmaking body as a whole into disrepute by stupid or demagogic actions. So weak is legislative discipline, yet so strong is the spirit of fraternity, that a member can scarcely provoke his brethren to raise their voices in protest and in defense of the good name of Congress.

Legislative usages ensure that divergences of view exist between the executive branch and at least some of the principal centers of power in Congress. The rule of seniority tends to give committee chairmanships and other positions of influence to members from sections most faithful to one party. Members from such areas, Democratic or Republican, are likely to have a different outlook on public policy than has the President, who must orient his policy toward the middle of the road or politically doubtful areas. But the actual pattern of power in Congress is both complicated and kaleidoscopic. Only to authors of textbooks on civics are our legislatures simple affairs. The student of comparative institutions finds in them elements of an English municipal council, with its close committee relations with administrative agencies, the Chamber of Deputies of the French Republic, with its individualism and shifting majorities; the House of Commons, with its party solidarity—all interlarded with a *liberum veto* of an indigenous variety.[6]

Because of the internal workings of Congress the actual pattern of relations between Congress and the executive branch is incredibly complex. For the purposes of the present analysis, it is essential to note the power of the individual and of the small group within Congress with respect to

[5] See Davis, Burke, "Senator Bob Reynolds: Retrospective View," *Harper's*, Vol. 186, March, 1943, pp. 362-369.

[6] One of the best single volumes on Congress is Roland Young's *This Is Congress*, New York: Knopf, 1943.

the great mass of congressional business, and the diversity of policy views among these centers of power.

2. Contradiction of Integration

Absence of Collective Administrative Responsibility. A basic concept of administrative speculation of the past thirty years is that of integration. The idea has organizational implications but it also includes the notion that the chief executive must so direct the administrative agencies that interagency conflict of objectives is minimized. Different agencies should administer related programs in a complementary fashion and will do so only by conscious top direction. The administrative structure is unified under the chief executive. The general concept of integration also carries with it the notion of unified legislative programs for administrative agencies Departments should move forward in the same direction as well as be managed in their current operations in a coordinated manner Examples are legion. One agency should not promote inflationary spending while another promotes deflationary taxation. Another should not try to drain land for agricultural use while still another attempts to preserve the same swamps as game habitats.

Congress, in its relations with the executive branch, tends to atomize rather than integrate the administrative structure and public policy. A factor of prime importance in this tendency is the practical absence of any custom or sense of collective responsibility within the administrative establishment. Each department head must stand on his own feet. Important blocs in Congress may conduct guerilla warfare against him. Ordinarily, he must fight his own battle. His colleagues do not rally to his cause; they are not endangered If he is in the good graces of Congress at the moment. he must shape his policy on the supposition that if he should run counter to the interests of the legislators most concerned with his program, he would have to fight for himself The President will usually stand aloof, for in the presidential system there is an element reminiscent of the constitutional monarchy—the President must to some extent remain outside the political fray.

The fact of individual responsibility is of the most profound administrative significance. It throws the agency head into the arms of the congressional committees and blocs having a particular interest in the activities of his agency, and puts him at the mercies of whatever groups are involved. Administrative departments, both because of their internal drives and external affiliations, tend to be particularistic. Integration must proceed from the President, and, to be effective, it must curb the departments and the interests allied with them.

Under presidential leadership a great deal of administrative unification may be accomplished on so-called noncontroversial matters. However, on questions of basic importance the agency must sooner or later weigh the

advantages of faithfully going down the line of presidential policy against the disadvantages of antagonizing a small but powerful group in Congress. Thus, a Secretary of Agriculture who recognized that the consumer of food has an interest in its price would probably be reprimanded from the floor of Congress and be given rough treatment by the producer-minded committees on agriculture. So he might merely pay lip service to an integrated economic policy

Or, let us consider the various efforts by the President to unify operations in the development and control of water resources. The Bureau of Reclamation of the Interior Department and the Army Corps of Engineers are great competitors in this field. Each has its allies in Congress. Only so far and no farther can the President go in coordinating the two agencies, because the friends of each unite to deny funds to the President to employ staff for coordinating purposes Under these conditions, the sense of collective responsibility—the feeling that ours is a government rather than a fortuitous grouping of departments—does not make itself strongly felt. Yet such a consciousness is requisite for the development of the most effective coordination and integration of administrative operations.

Splintering Effects of Legislative-Executive Relations. The strong centrifugal tendencies in an administrative structure organized to a large extent on a clientele basis are reenforced by the dispersion of congressional authority among many working centers. The practice of individual responsibility of department heads is one manifestation of the confluence of these institutional and social factors. However, the splintering effects of our system of congressional-executive relationships extend farther down into the administrative machine. The position of department heads is often weakened by direct dealings between Congress and the chiefs of departmental subdivisions.

Hierarchical control within the departments is modified by a variety of practices Probably one of the most significant is the custom in congressional criticism of placing the finger of responsibility on bureau chiefs and other subordinates of department heads. Not infrequently speeches of Congressmen or their press conferences ring with denunciations of these subordinate departmental officials Or, such officials receive congressional praise for their wise and statesmanlike management of affairs. The practice in either instance has the same effect—an erosion of intradepartmental controls. The general problem is well illustrated in a negative way by the reply of the Chief of Naval Operations to a question by the Senate Naval Affairs Committee on the *Greer* incident in 1941:[7]

> Q Are there any reasons why the commanding officer and other officers and men of the *Greer* should not appear before the committee? If so, what are those reasons?
>
> A. Yes. Testimony of such officers would be almost certain to dis-

[7] *Congressional Record*, Vol 87, p 8314

close vital military secrets which would endanger other naval vessels. In addition, to establish a precedent or to have naval officers at sea feel that whenever they take action they would or might be called before a congressional investigating committee to explain and justify their action, would be prejudicial to the conduct of operations on the high seas.

Legislative Dealings with Subordinate Personnel. Direct congressional dealings with subordinates in the review of appropriation requests have something of the same effect. The department head may put in a brief appearance at the beginning of the hearings. However, members of Congress prefer to talk with the men down the line who actually do the work, and perhaps in the course of the interrogation give them instructions on how the job ought or ought not to be done in the future.

A bureau chief is "strong" or "weak" in dealing with Congress—"on the Hill." If "strong," he may be brought into line in an integrated departmental program only with difficulty. Bureau chiefs may become quite independent of the heads of their agencies insofar as broad policy is concerned. This independence is usually associated with their status "on the Hill" or with outside interest groups. Likewise, the manner in which appropriations are sometimes made may have a similar effect. The appropriation may be made to a particular bureau rather than to the department. Under these conditions, departmental—and occasionally presidential—direction may be met by the reply "But we are responsible to Congress for the manner in which this program is carried out."[8]

The close connections between members of Congress and bureau chiefs frequently promote stability and continuity in policy and are by no means invariably detrimental to the general welfare. These relations, however, make it difficult for the President or Congress to hold department heads accountable for the management of their affairs. Bureau chiefs and senior legislators are the cream of the career crop in the federal government. Both groups are likely to regard Presidents and department heads as transient trespassers. Probably the greatest resistance to direction by department heads is to be found in the highly professionalized services—in particular, the military services. It is indeed an unusual Secretary of the Navy or Secretary of War who can make much of an impress upon his department.

Congressional supervision of departments occasionally extends to mass examination of the qualifications, antecedents, and affiliations of subordinate personnel. Such inquiries may be quite impersonal witch-hunting expeditions with no specific animosity toward any particular employee. In some instances congressional reaction reaches the point of formal measures

[8] On the general question of congressional control of executive agencies, see Herring, Pendleton, "Executive-Legislative Responsibilities," *American Political Science Review*, 1944, Vol 38, pp 1153-65.

to ensure the discharge of designated individuals.[9] These practices have an insidious effect on the work of subordinate personnel. An employee's spine may become spaghetti like when there exists the possibility of his being, in effect, blacklisted for federal employment through denunciation by individual lawmakers simply for doing his duty

Subtler Legislative Influences. All these interferences with hierarchical control have been described in a manner which colors the exposition to a degree with exaggeration In reality, the tendencies are more subtle and more difficult to identify than our discussion might lead us to believe. The significance of these practices may be best comprehended by comparison with the customs of British cabinet government The responsible minister is the man who must answer on the floor of Parliament for the misdeeds of his department He cannot dodge the brickbats, and, in compensation, he has a monopoly of the bouquets He can be held accountable only if he alone can hold his subordinates accountable He therefore must make, or appear to make, the policy decisions The concentration of criticism upon the responsible minister has a most pervasive intradepartmental effect in tightening up the internal lines of control, supervision, and communication[10] All this, of course, is not the same as saying that the United States

[9] See Cushman, Robert E., The Purge of Federal Employees Accused of Disloyalty," *Public Administration Review* 1943, Vol 3, pp 297 316 Schuman, Frederick L., "Bill of Attainder in the Seventy Eighth Congress *American Political Science Review* 1943, Vol 37, pp 819 29 Section 304 of the Urgent Deficiency Appropriation Act of 1943 provided "No part of any appropriation allocation, or fund (1) which is made available under or pursuant to this act or (2) which is now or which is hereafter made available under or pursuant to any other act to any department agency or instrumentality of the United States, shall be used after November 15 1943 to pay any part of the salary, or other compensation for the personal services, of Goodwin B Watson William E Dodd Jr, and Robert Morss Lovett, unless prior to such date such person has been appointed by the President, by and with the advice and consent of the Senate With the approval of their respective superiors these three men continued to perform their duties after November 15 1943, and sued to collect their salaries The Court of Claims upheld their claim for compensation The opinion of the court, delivered by the Chief Justice and concurred in by one judge, held that the act did not operate to remove the plaintiffs from office and that they were entitled to collect In separate opinions concurring in the result the other judges of the court went further and asserted that the congressional action was unconstitutional Different judges however had different reasons for considering the provision invalid The Supreme Court held Sec 304 void U S v Lovett, Watson and Dodd June 3 1946

[10] In 1943 a Canadian labor leader attacked the chairman of the War Prices and Trade Board, characterizing him as Canada's No 1 Nazi The chairman was a subordinate of the Minister of Finance and was thus comparable to a bureau chief or other similar subordinate official in the United States It is difficult to conceive of an editorial like the following being published as a consequence of such an incident in the United States

This we suggest is a case where a word is needed from some voice in the Government This Montreal labor man is more likely than not an irresponsible flannel mouth, speaking no more for labor than for the rest of us The trouble is that thousands of people throughout the country may not consider him a flannel mouth, will take what he says seriously

"Mr Gordon and the War Prices Board are merely an administrative agency They do not make laws, they administer them They carry out duties and functions given them by Parliament and the Government, and for which Parliament and the Government must take full responsibility

should have a cabinet government It is only a means of illuminating by contrast the character of the influences at work under a system of separation of powers

Grants of Organizational Independence. In some types of situations, action by Congress has more direct effects in the atomization of administration than the more or less subtle influences described Examples frequently occur in connection with organization Thus, legislation which establishes a function independent of the department to which it might fall in the normal course has long term administrative consequences The new agency, uninfluenced by such forces of integration as flow from incorporation into a department, is left free to pursue its own inclinations More important, it is likely to be politically weak, especially dependent on interest group support, and unable to take a strong stand in its dealings with legislative blocs It may become something of an administrative orphan, buffeted about by the political storms

In the independent regulatory commission there occurs the most striking splintering of administration by legislative action In a deliberate effort to make them independent of the chief executive, such agencies are declared to be "responsible" to Congress The fact of the matter is that they are responsible to no one They may keep their ears close to congressional committees, but Congress is not organized to enforce a continuing responsibility.

The chances are that a regulatory commission dealing with a single industry will be more nearly responsible to the industry than to the legislature Deprived of the influences on policy that flow from give and take with other departments and from the directions of the chief executive, the independent commission gravitates toward an industry point of view More or less from necessity it seeks to retain the confidence of the regulated industry Indeed, the theory on which the commissions are based makes it impracticable for them to collaborate with the chief executive or other executive agencies in the development of a unified policy Their quasi judicial procedure renders it improper for them to commit themselves to a general

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In England there is an old well established tradition under which members of the Cabinet take responsibility for—and defend—the acts of their officials It is an integral part of the principle—also observed scrupulously—under which officials themselves make no statements on policy and engage in no public controversy

That principle should operate in Canada Our cabinet ministers and the Government is a whole cannot be permitted to take credit to themselves for the prices ceiling and the War Prices Board, yet remain silent, let others take the blame, when officials of the War Prices Board are abused and vilified

In the circumstances, we suggest it is up to the appropriate member of the Cabinet to tell the country that if there is dictatorship under the War Prices Board Administration the dictatorship belongs to the Government, or to Parliament that if any charge of Nazism' be made it should be made against the Government and Parliament In other words, whatever responsibility exists should be fixed properly *Ottawa Morning Journal*, September 3, 1943

policy lest they thereby prejudice themselves in the determination of particular cases.

All in all, the legislative forces playing on the administrative structure contribute to disintegration in management. In effect legislators seek to exercise piecemeal the function of direction over administration. Legislators who are jealous of chief executives, either in particular or in general, find this a congenial role. In reality, however, legislative control is most effective when all administration is sufficiently integrated. In appropriations, for example, lawmaking bodies are most effective when the chief executive presents a well-considered and carefully-pruned budget. Under such conditions, the estimates become a tool of legislative oversight.[11]

In other areas, legislative influences on administration are generated in no slight measure from the weakness of the chief executive The power of the chief executive is usually described in awesome terms In actual fact, the administrative apparatus at his command to aid him in knowing what is going on below his level and in guiding operations is quite inadequate. This is in part the result of legislative jealousy of the executive, but whatever the origin, the lawmaking branch moves in to occupy as well as it may the administrative vacuum

3 Diffusion of Initiative and Responsibility

Executive Share in Policy-Making Legislation fixes the scope of administrative power and to a large degree the manner of its exercise. Laws must be constantly adjusted to meet changed conditions and to reflect experience in their application The administration in power must inevitably have an important share in the formulation of legislative measures. In our executive legislative relationships we have made little provision for an honest recognition of this necessity

Administrators participate in the formulation of legislation, but their activities are to a degree surreptitious and always subject to the accusation of constitutional immorality. If the chief executive proposes legislation, he is charged in many instances with attempting to coerce a coequal governmental organ and of leading the nation along the road to dictatorship. He may find it advisable to refrain from action when he should exercise strong leadership. On the other hand, since he will risk little if Congress rejects his proposal, he may urge legislation which he knows Congress will not enact. Thereby he gains credit with some sectors of the population. Similarly, he may ease his duty by placing a problem before Congress and leaving to that body the unhappy choice of means to solve the problem. Or he may for a long time neglect an urgent problem and present to Congress no proposed solution No legislature is able to develop and put into effect

[11] See Smith, Harold D, The Budget as an Instrument of Legislative Control and Executive Management, *Public Administration Review*, 1944, Vol 4, pp 181 188

a comprehensive legislative program on its own initiative. Nor does it have any recourse against the chief executive if he fails to exercise leadership.

Desertions From the President's Program. Our unhappy state of executive-legislative relationships in the formulation and adoption of general programs results in halting and uneven progress in the adaptation of the legal framework within which administration must operate. The legislative program of the chief executive no less than the administrative structure tends to be devoid of unity. Administrative drives to unify the legislative program encounter the obstacle of relatively weak internal direction as well as the check of strong ties between particular departments, groups, and blocs within Congress. Each department head prefers to be free to promote his own legislative objectives in Congress. In turn he is encouraged in this preference by Congressional protagonists of his agency.

Freedom of departmental initiative in appropriation matters is limited by the Budget and Accounting Act of 1921, which prohibits federal departments from seeking funds in sums larger than those recommended by the President in his annual budget or any supplement Administrative agencies, however, can usually manage to get their wishes on record through the interposition of friendly Congressmen The situation is illustrated by the following interchange in 1945 between Mr Tarver, a member of the House Appropriations Committee, and Mr. Jones, the War Food Administrator:

> *Mr Tarver* I have noted with a great deal of misgiving this proposal of the Budget to cut down A A A funds to $290,000,000 and to provide for a further cut in the next fiscal year to $200,000,000. . . Do you feel that that is a wise course of procedure? If not, what are the reasons which cause you to arrive at your conclusion?
>
> *Mr. Jones* I can only give you my personal opinion on those matters because we submit our requests to the Bureau of the Budget, and, of course, the official Budget then comes up to Congress by way of an estimate I do not hesitate to give you my personal opinion on these matters if you wish me to do so . . .
>
> *Mr. Tarver* I would be very glad to have you do so.
>
> *Mr Jones* I think it would be very unfortunate if through a reduction in funds, especially at this critical period of the war, the A. A. A. is handicapped
>
> I would like to see, if it were left to me personally, full provision made by direct appropriation for soil conservation payments. They have paid great dividends There is no question about it
>
> *Mr Tarver* You mean for $300,000,000?
>
> *Mr Jones* Yes That is what I personally would prefer. I am giving you just my personal viewpoint [12]

In other instances, the battle to upset the President's budgetary recommendations may be carried by private organizations which are in very close contact with the administrative agencies.

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[12] House Committee on Appropriations, 79th Cong, 1st Sess, *Hearings* on Agriculture Department Appropriation Bill for 1946, pt 2, p 10, 1945

In matters other than appropriations, federal agencies are subject to the requirement that they clear with the Bureau of the Budget proposed legislation and comments on legislative proposals The clearance process serves the purpose of determining whether the views of the agency are in accord with the program of the President Formal agency statements to Congress are supposed to include an indication of the relationship of the matter in question to the President's program The procedure results in a modification of some legislative ambitions of individual agencies and an early death to many of their proposals.[11] Yet the practice of coordination of such legislative urges into a systematic and consistent program is only in a relatively embryonic form Further development will require a much more tightly knit management of the executive branch than has been the custom Moreover, there is some doubt whether such a condition can be brought about until Congress itself ceases to encourage autonomous departmental initiative in legislation.

Inadequate Legislation Absence of cohesion in the legislative program of the chief executive—absence in fact of a program clearly designated as such—contributes mightily to confusion in the public mind, to submission of ill-considered legislative proposals, and to poor administration. Legislative schemes emerging from the departments are often ill-conceived and inadequately thought through Not infrequently the scheme worked out in a single department raises a variety of questions about its relationship to other governmental activities In fact, Congress has to devote a great deal of its energies to the settlement of interagency disputes on issues of no overwhelming public importance which might very well be settled within the administrative establishment.

Our ineffective linking of the administrative and legislative processes has important consequences in the operation of the executive branch. Perhaps one of the most significant is the necessity of operating under inadequate or inappropriate legislation which hampers or limits administration or makes it ineffective or unduly costly Government agencies hesitate to seek modifications from Congress They will rather indulge in improvisations and patiently endure the oddest kinds of legal limitation. The reason is obvious They never know what will emerge from the legislative mill once it begins to turn Except for the most important questions on which broad public discussion and understanding may be brought to bear, the administrative tendency is to limp along on the existing legal basis, no matter how unsatisfactory it may be. It is regarded as better than to arouse sleeping dogs.

[11] See the testimony of F J Bailey, Chief of the Division of Legislative Reference, Bureau of the Budget, in House Committee on the Civil Service, *Hearings* pursuant to H Res 16, pt 2, pp 359-373, 78th Cong, 1st Sess, 1943 See also Witte, E E, 'The Preparation of Proposed Legislative Measures by Administrative Departments,' in President's Committee on Administrative Management, *Report with Special Studies* p 361 *ff*, Washington Government Printing Office, 1937

Incongruity Between Power and Responsibility. The basic fact is that we have an institutional system which does not assure that administration will have power commensurate with its responsibility. Take, for instance, the following remarks of Senator Connally in 1940 during the consideration of a proposal to establish a joint congressional committee on national defense, whose consent would have been required before the President might make expenditures from an emergency fund for national defense:

> I want to perform my responsibility in this crisis or emergency I want to fill the place in my country that my countrymen think I should fill, and perform whatever duty is laid upon me; but I do not want to take over somebody else's function or somebody else's responsibility Give the President this $100,000,000 He has the responsibility, but if we hamper him, if we impede him, if we embarrass him with a smelling committee, we lessen his responsibilities He can very easily say, 'I undertook to discharge this function, but every time I sought to discharge it, I had to run up to the Capitol and talk to some Members of the House and some Senators who could not make up their minds, who delayed, who hindered, and who undertook to interject into the theories of the War and Navy Department policies which I did not regard as wise or sound.'[11]

Questions of like character are implicit in almost every important legislative proposal Perhaps one of the reasons why we so often have incongruity between power and responsibility is that Congress has no routine means by which it can hold the executive branch accountable for the exercise of its power. A chief executive cannot say to Congress "I refuse to accept responsibility for results on the terms imposed by Congress. I resign and yield the control of government to the opposition." Actions of Congress—keeping in mind that Congress for all practical purposes means this bloc, this committee, and even this member—thus are not fraught with the danger that its chickens will come home to roost.

The legislative bloc from livestock-producing states, for instance, which succeeds in raising the price of meat, is not likely to be placed in charge of distribution and have to cope with the complaints of processors and consumers The Congressman who succeeds in discrediting the Federal Communications Commission is not likely to have an opportunity to demonstrate that he can do any better in regulating the broadcasting industry The congressional group which succeeds in boosting the price of milk will not in the normal course of events have to listen to disgruntled urban housewives.

Legislators and Administrators. The administrator and the legislator move in different environments and are subjected to different influences The administrator often derives moral satisfaction from the fact that he looks at public issues in a context different from that in which they are viewed by the legislator He—so the theory runs—considers issues in terms

[11] *Congressional Record* Vol 86 p 6593

of the national welfare, while the legislator views them as they bear on his state or district. In this contrast, which contains at least a grain of truth, the administrator has no cause for self-congratulation. The difference arises from the institutional structure. The voters elect their representatives to look out for their interests. A Senator from Nevada cannot very well be a statesman on the silver issue, just as a Representative from a coal-mining district cannot for long neglect the interests of his constituents. Moreover, administrators themselves have their prejudices. The Department of Agriculture or the Department of Labor and those who manage them are not free from bias in the definition of the national interest.

The interaction between legislature and administration, with the accompanying division of power, makes it quite difficult to place responsibility for action or inaction. The legislator can tell his constituents that he does his best to keep the bureaucrats from doing so many foolish things. The administrator can assert that he is doing as well as he can with the obstacles placed in his path by Congress. And both may be right.

From the newspapers we may gain the impression that legislators are an irresponsible lot, solely concerned with promoting the selfish causes of their own districts. The picture is far from correct. Every Congress has many members who labor earnestly, diligently, soberly, and steadily to promote the general welfare as they see it. Their activities are far overshadowed in the press by the reports of the animadversions of their more picturesque or picaresque colleagues. The heavy routine work of the legislator does not produce headlines. Wild charges do. Thus, criticism by Congress of the executive branch takes on a fantastic character. Since such criticism is not in face-to-face debate, the most fabulous allegations may be made with no one to question them.

The more incredible a story, the more attention it may receive in the press; such is often the editorial standard of what constitutes news. Nor does the public receive informative reporting. Thus, a news lead may read. "'The Washington corn policy constitutes a deliberate and calculated effort by this power hungry government to drive the farmers into bankruptcy,' Senator Doakes of Illiana charged today. 'It is another step on the road to dictatorship along which we are being carried. It is what one can expect when the Department of Agriculture is staffed with Phi Beta Kappas who have never slopped a hog.'"

More accurate reporting might make the story read: "The corn policy was denounced by Senator Doakes of Illiana. The Senator, a member of the minority party, owns three corn farms, comes from a state in which corn-growing is the principal industry and will be up for reelection this fall. He spoke from a manuscript prepared at the national headquarters of the Corn Growers League of which he is a past president. Seven Senators were on the floor at the time; they appeared to be unperturbed by his remarks."

The continuing and inevitable attempts of Congress to manage the business of administration diffuse responsibility and confuse the public. In strict administrative theory there is usually nothing but condemnation for the interferences of Congress with administration—interventions which are usually in terms of particular cases or local interests rather than of general principle. Congress—the textbooks argue—should limit itself to action on general rules; then the individual cases would take care of themselves. In some respects, however, the very fact that lawmakers do criticize and intervene in specific cases and local situations makes their attacks a valuable corrective to administrative generalization.

It is sometimes forgotten that ours is after all a huge country with citizens living and working under an almost infinite variety of conditions. There is in administration an almost inevitable tendency to reduce action to general rules and to treat all individual situations as if they were alike. Legislators, in their capacity as ambassadors for their constituents, intercede in individual situations and demand adaptation of administrative practices to fit the situation. It is not enough to dismiss this function of legislators by saying that they intervene regardless of the justice of the cause of their constituent. Generally they have a higher sense of responsibility than that; and since they cannot be ignored they may and often do bring about many correctives of administrative action Wisdom in government is not so much the formulation of just, general rules as the making of judicious exceptions therefrom [15]

4 Quest for Accountability

Selecting Department Heads Legislative supremacy means that the lawmaking body has power both to choose the principal executive officers and to terminate their services The American constitutional system does not formally provide for legislative supremacy The selection and tenure of the President are not determined by legislative action, although by virtue of their role in party affairs Senators and Representatives may make themselves felt in the choice of presidential nominees. On the other hand, the President as party leader is not without influence in the selection of members of the House and Senate.

Nevertheless, once elected, neither the President nor Congress can formally influence the tenure of office of the other The status of subordinate executive officers is different from that of the President. There is a continuing effort by Congress to exert control over their appointment and tenure These efforts are based in part on the formal powers of Congress—such as the power of the Senate to confirm presidential nominations to certain offices In most instances, however, the legislature seeks to determine

[15] For extended treatment of the problems touched on here, see Herring, Pendleton, *Presidential Leadership*, New York Farrar & Rinehart, 1940, Laski, Harold J., *The American Presidency* New York. Harper, 1940.

the top personnel of the executive branch by indirection. The President also has to choose. When two governmental organs attempt to select the holders of the same offices, conflict is inevitable

The power to designate and discharge the principal executive officers is probably the most effective means of controlling administration. Both the chief executive and the legislature have a variety of devices for determining what is to be done and how it is to be done. However, it is far easier to guide the general direction of administrative business by the choice of chief officers whose viewpoints are of the desired type Congress wants to influence these choices. Its efforts subside and flare up from time to time as the general temperature of attitudes toward the chief executive fluctuates.

In a broad sense, our principal executive and administrative officers must retain the confidence of Congress just as the ministers in a responsible cabinet system must have the confidence of Parliament to remain in office. Ours, of course, is not a responsible cabinet system, nor is it equipped with the parliamentary procedures for expressing confidence or lack of confidence. Nevertheless, considerations of legislative confidence play a significant part in the selection and continuance in office of personnel at the top levels of the departments

In the selection of agency heads, a long tradition concedes to the President fairly final discretion in the choice of the members of his Cabinet. Spectacular instances of senatorial refusal to assent to such presidential appointments merely confirm the general rule of presidential finality. Yet in making even these appointments, the President must be mindful of the probable attitudes of Congress toward prospective appointees.

Lower-Level Appointments. Legislative influence on appointments below the level of the Cabinet is on the whole more potent and more persuasive. The interest of Senators in appointments to positions in the "little cabinet" and to top positions in agencies not of Cabinet status has traditionally been of a patronage character The desire has been to place in these positions persons who have rendered service to the party, and the actions of Presidents are ordinarily colored by the same inclinations. Hence, the usual problem of reconciling senatorial and presidential preferences has been simply that of allocating positions among the various factions of the party in a manner to provoke the minimum dissatisfaction.

When tension over issues is high, however, senatorial influence may be exerted to prevent the appointment of candidates with policy views contrary to those held by the dominant coalition in the Senate. Thus, in 1945, the nomination of Aubrey Williams—previously an officer of the Works Progress Administration, former administrator of the National Youth Administration, subsequently an employee of the National Farmers Union, and regarded by many as considerably left of center—to be Rural Electrification Administrator precipitated a heated senatorial debate His competence for the job was certainly as adequate as that of most candidates ordinarily nomi-

nated to fill such offices. The debate was rather on the policy issues implicit in the appointment of one of his views. That such debates occur so rarely is an indication of the effectiveness of senatorial influence in screening out possibilities unacceptable to the Senate prior to nomination.

Occasionally, control of the top personnel is achieved in effect by decisions that deprive particular individuals of control over particular functions. Thus, in 1945 when the President nominated Henry Wallace to be Secretary of Commerce, a measure was initiated in the Senate to remove the Reconstruction Finance Corporation and its subsidiaries from the Department of Commerce. The southern right wing of the Democratic Party in coalition with the Republicans succeeded in preventing direction of these important corporations by Mr. Wallace. Although cleavages within the Democratic Party were the dominant factor in this situation, the event was not without its instructive aspects on congressional-executive relations generally. Senator George, the sponsor of the bill of divorcement, stated:

> . . . I think the vast powers and vast authority given [to the Reconstruction Finance Corporation] is the strongest possible argument that anyone can make for the return, or for the hastening of the return, of these powers to an independent agency of the Government created by the Congress and responsible to the Congress. . . .
>
> I am firmly of the opinion, myself, that as we follow through the mobilization period to the end of the war, whenever it may come, and as we also enter into and follow through the reconversion period, that this direct responsibility ought to be recognized by the Congress and ought not to be placed, or continued, in an officer in the executive branch of the Government who is a part of the official family, so to speak, of the Chief Executive of the Nation.[16]

Attempted Extension of Senatorial Confirmation. Control by Senators and Representatives of appointments further down the administrative hierarchy has differed from time to time with the waxing and waning of the spoils system. Our traditions have accorded great influence to Senators and Representatives in appointments to the public service. During this century, however, with the strengthening of the merit system, large blocks of employees have been removed from the realm of congressional patronage.[17]

Apart from informal "clearance" of appointments with Representatives and Senators, Congress on occasion attempts to broaden its formal control by the extension of senatorial confirmation to large numbers of lower positions. Thus, under various work relief appropriation acts from 1935 to 1942, senatorial confirmation was required for federal appointments as state and regional administrators receiving more than $5,000 annually. Scattered statutory provisions of similar purport were placed in various war agency appro-

[16] Senate Committee on Commerce, *Hearings* on S. 375, p 10, 79th Cong, 1st Sess January 24 and 25, 1945.

[17] See the excellent study by Fowler, Dorothy Ganfield, "Congressional Dictation of Local Appointments," *Journal of Politics*, 1945, Vol 7, pp 25-57

priation acts. One act applying to the War Manpower Commission stipulated, for example, that no one might be appointed at a salary of over $4,500 save by the President with the advice and consent of the Senate. The actual administrative consequences of the requirement of confirmation have never been carefully analyzed. Certainly in some situations the result is that a Senator may have at least a veto over important administrative actions within his state.

The debate in 1943 over a proposal to extend the confirmation requirement to all employees receiving in excess of $4,500 a year illuminates the theoretical problems of administration involved in legislative control of appointments. Some Senators indicated a desire to prevent abuses such as the payment of excessive salaries to unqualified individuals Others thought that by having a hand in the selection of subordinate personnel, the Senate might gain a greater voice in the policies of administrative agencies. Senator Vandenburg asserted that "this is one of the few ways in which Congress can reach back into the implementing of its delegated powers, and have something to say and do by way of limitation of the sprawling bureaucracy which is the curse of our present-day democracy" On the other hand, the President asserted that the bill "presupposes congressional responsibility for the operations of executive agencies" If the power of appointment of subordinate personnel were divided between the Senate and department heads, he saw a dissipation of responsibility for the success of an agency's program [18]

Removal Power Control of personnel includes the power to remove as well as to influence selection. Congress has no ready and easy method by which it can remove officials whose attitudes or policies are not to its liking. The power of impeachment is a blunderbuss of no utility The power to specify that no funds shall be available for the employment of particular individuals has been used in scattered instances against relatively unimportant employees of the executive branch But there is no clean cut method by which the legislature can simply say, "We have nothing against you personally Nor do we question your competence or your Americanism. Our views on what the policy of your department should be are not the same as yours You are fired" The lack of workable means for the removal by Congress of executive officers is, of course, merely the corollary of independence of the chief executive—the glory or the fatal defect of the American system of government, depending on the point of view.

Nevertheless, a determined legislature can virtually drive a man from office, although not without considerable vituperation and recrimination Exposure of corruption and the consequent forced resignation of an executive officer occasionally occur Resignations on account of incompatibility either of personality or policy between Congress and an individual officer

[18] See the analysis by Mcmahon, Arthur W, "Senatorial Confirmation," *Public Administration Review*, 1943, Vol 3, pp. 281-296

are better indications of the fundamental legislative as well as executive tendency to seek relationships of confidence. Occasionally congressional investigations appear to have as their primary objective the removal of an executive officer. That is, the investigation is certainly not designed to develop legislation; nor is it motivated by a search for corruption. It aims to oust an individual whose views arouse the animosity of the legislators spearheading the investigation

Legislative Pressure for Resignation. By its control over appropriations the lawmaking body can make an official quite uncomfortable In some instances arbitrary cuts in budget estimates are made because of congressional dislike of an individual, disagreement with his policies, or other related reasons The pressure is thus on him to resign lest by continuance in office he will damage the agency which he heads or serves In other cases, by persistent criticism from the floor, by frequent adoption of limiting legislation, and by similar means an official may be thoroughly persuaded that his period of usefulness is ended Congress is most effective in its efforts to terminate the services of a particular individual when it has support in the press and the public generally. A common pattern of behavior is that the executive branch attempts to weather the congressional storm. Then, perhaps in the wake of a "moral" victory, a resignation occurs after things have quieted down The formality of executive independence is preserved but the actuality of legislative discharge prevails.[19]

No matter who is President or what the conditions of the time are, Congress exerts influence over the selection of the principal administrative officers Harmonious relations between the chief executive and the legislature do not indicate the absence of congressional participation in appointments This general condition may only reflect careful consideration of congressional wishes Legislative attitudes become more apparent when differences of policy exist between the President and Congress During Democratic administrations the conservative wing of the party usually is in a position to make its divergent views strongly felt because of its strength in the Senate Similarly, during Republican administrations the western liberal wing of the party makes itself felt because of a like advantageous position in the same body.

5. Drives Toward Reform

Of prescriptions to cure the ills of Congress there is no dearth. Hopeful souls come forward at moments when they can gain a hearing and attempt to market their cures for Congress A massive sales resistance usually meets their offerings, which are often based on faulty diagnoses The principal error in diagnosis made by reformers is that they approach Congress in isolation from the rest of the government The basic issues involve the struc-

[19] See the penetrating case study by Leigh Robert D Politicians vs Bureaucrat *Harper's Magazine* Vol 190 January 1945, pp 97-105

ture of the entire government rather than Congress alone. They are almost invariably associated with the fundamental principle of separation of powers.

Case for Cabinet Government. Outright adoption of the principle of cabinet responsibility has been strongly urged by a few students of government,[20] but sentiment in support of such a move is not nearly so strong as it once was. The British system in its current usages has come to be recognized as something radically different from the older conceptions of that system. Furthermore, the manner in which it would operate under American conditions is quite unpredictable.[21]

The transplantation of the cabinet system would deprive us of the strength that inheres in the presidency, and might produce the instability associated with the French parliamentary system rather than arrangements similar to those of Great Britain and the Dominions. Moreover, it would necessitate a drastic revision of the working relationships between our two legislative chambers and the consequent decline of the strength accorded in our federal system to the states with small populations. Whatever our prognosis of the results of adopting the cabinet system may be, the likelihood of such action is remote. We must work out our constitutional problems within the framework of the system of separation of powers. As a measure of conservative experimentation, we can only suggest that it might be worthwhile to try out the cabinet arrangement in one or two states to see how it would operate under American conditions.

The drive for congressional reform has its peaks and its valleys. The policies of the Roosevelt administrations in depression and war stimulated unusual agitation among both members of Congress and citizens for a thoroughgoing reconsideration of the function and role of Congress. With proposals for the purely internal reorganization of the legislative process, we have no concern here. However, the various suggestions for alteration of the relationships between the legislative and executive branches are of interest in throwing light on the general problem dealt with in this chapter.

Merits of a Question Period Representative Estes Kefauver of Tennessee attracted considerable attention by his proposal to introduce a "question period," modeled on British practice, when heads of executive agencies would appear before the House of Representatives to reply to questions of which they had received advance notice.[22] Such an arrangement would permit members of the Cabinet and the heads of other agencies to answer criticisms and explain policies. Appearance of executive officers before the entire House would limit the monopoly of information which committees

[20] See, for example, the persuasive study by Hazlitt, Henry, *A New Constitution Now*, New York, Whittlesey, 1942

[21] For critical observations see Price, Don K., "The Parliamentary and Presidential Systems," *Public Administration Review*, 1943, Vol 3, pp 317-334

[22] See Kefauver, Estes, The Need for Better Executive Legislative Teamwork in the National Government *American Political Science Review* 1944 Vol 38, pp 317-325.

tend to have of subjects within their jurisdiction This might somewhat weaken the committees It is not without significance that many of the 'older heads' within the House—those who hold committee chairmanships nd other positions of leadership—were strongly opposed to the Kefauver proposal Conversely, the chief proponents of such measures tend to be newer members of Congress who have little opportunity to utilize their talents because of their lack of seniority

Legislative Committee Meetings with Administrators. A variety of other schemes are suggested from time to time to produce a closer liaison between Congress and the administrative departments Thus, it is proposed that individual legislators meet at frequent intervals with their opposite numbers in the executive branch to consider forthcoming problems, to inform Congress, and to bring the views of Congress to the executive officer concerned This kind of arrangement is occasionally formalized for a time by particular committees

While closer relationships between executive officials and legislative committees are in some ways advantageous, they also may contribute to the disintegration of administration Congressional committees tend to be enthusiasts for the matters with which they deal The public interest is not necessarily better promoted by giving, for example the committees on agriculture in either chamber a stronger voice in the management of the Department of Agriculture than they now have

Legislative Staffs Better staffing of Congress is another favorite attack on the problem[23] This is to serve two purposes to aid the legislator in handling his legislative business, and to aid him in handling his constituents' business A more or less professionalized class of congressional secretaries has been developed consisting of men and women who "know" Washington and who run the errands that inevitably are the lot of legislators, not always unsolicited More significant issues are raised by the need for assistance to the legislator in his legislative business

In the staffing of congressional committees it is sometimes assumed that by this means the legislature can do directly many things which the executive branch should do We can make ourselves felt—so the speculation runs —if we have staff to help us dig into the bureaucracies When intelligently used, expert stiff can make Congress much more effective However, by overstaffing Congress we run the danger of merely setting up another bureaucracy "on the Hill" to do a job which, if it is not already being done elsewhere, ought to be The contribution of the lawmaker in the governmental process is not in the exercise of professional expertness. If he merely mouths what his experts tell him, we lose important values of representative government

[23] See for example, Heller, Robert, *Strengthening the Congress* Washington National Planning Association, 1944, Hamilton, Walton, Blueprint for a Virile Congress, *New York Times Magazine* September 10, 1944

Making Legislative Work Manageable. These remarks suggest that one of the most important currents of reform is that of drawing the line between what the legislative body ought to do and what it ought to demand that the executive branch do well. No matter how much staff it builds up. Congress cannot make all the decisions of government unless we change radically the nature of our system. To make its job manageable, Congress needs to slough off a mass of minutiae which now absorbs its time and energies. One means by which it might shift a great volume of work to the executive branch would be through adoption of the British provisional order system—that is, rules and regulations made by the executive agencies would become effective within a specified time unless Congress decided to the contrary

The most notable example of the use of this technique in the United States was under the Reorganization Acts of 1939 and 1945, which empowered the President to submit so-called reorganization plans to become effective unless disapproved by concurrent resolution. Over many subjects, this arrangement would actually reserve for Congress more substantial control than it now possesses, especially under legislation empowering an agency to regulate an industry in "the public interest." In the exercise of such powers executive officers would also often be much more comfortable if their actions were subject to general congressional review The endless criticism for exceeding legislative grants of power might be effectively terminated, and policy questions which probably ought to have congressional approval would not be settled finally by the executive branch, as they now are.

A recent proposal has been aimed at the establishment of a Joint Executive-Legislative Cabinet It would consist of perhaps nine congressional leaders and nine members of the executive Cabinet. It would be presided over by the President. This arrangement would undertake to maintain agreement on the principal lines of policy and legislation. In the event of a deadlock between himself and Congress, the President could dissolve the legislature and order a new election [24]

Many variations of the foregoing proposals have been made,[25] and the entire range of possibilities was explored by a joint committee set up by Congress late in 1945.[26] There are those who believe that adoption of one or more of these schemes would ensure peace and harmony in executive-

[24] See Finletter, Thomas K, *Can Representative Government Do the Job?*, New York Reynal & Hitchcock, 1945

[25] See the useful survey in *The Reorganization of Congress, A Report of the Committee on Congress of the American Political Science Association*, Washington Public Affairs Press, 1945

[26] See Joint Committee on the Organization of Congress, *First Progress Report*, Sen Doc No 36, 79th Cong, 1st Sess The hearings before the joint committee constitute a valuable source of information about the workings of Congress *Hearings before the Joint Committee on the Organization of Congress* pursuant to H Con Res No 18, 1945, 79th Cong, 1st Sess The committee's final report appeared as House Report No 1675, 79th Cong, 2d Sess March 4, 1946

legislative relationships. That celestial state of affairs will probably never come about because executive-legislative differences often boil down to the issue of who will rule. That issue cannot be settled without doing violence to the theory of separation of powers, which presupposes that Congress and the President share the power to rule. Friction is inevitable and, we might add, probably desirable within proper bounds. Nevertheless, much senseless controversy could be eliminated if administrators exerted more persistent and more intelligent efforts to keep legislators informed of the affairs of state and, in turn, to inform themselves of the views of legislators.

Part III

WORKING METHODS

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CHAPTER

16

The Formulation of Administrative Policy

1. Policy Formation and Policy Sanction

Realm of Administrative Policy. The primary organ of policy sanction is the legislature. In the main, it lays down policy in general terms. For purposes of effective government such general policy, usually expressed in statutes, must be made more specific. This is done by administrative policy-formulation as an implementation of statutory directions addressed to the executive branch.

Policy in the latter sense may consist of the determination of a long-range work program, such as the number of applications to be processed, surplus items to be sold, inspections to be made, projects to be completed, during a given time period. It may mean establishing a criterion or standard for the guidance of staff thinking in making decisions on recurrent matters in the course of day-to-day operations. Or it may mean a highly specific decision—for instance, whether a precedent-setting letter should be sent out or an important appointment made. In the broadest sense, however, a policy question is one which requires an authoritative determination as to whether or not a new program or change in an existing plan of action should be undertaken.

Breadth of Policy-Making Process. Formal determination—or final approval—of a proposal setting forth what should be done occupies a very small segment of time in the process of policy making. This is true especially in the case of administrative operations, unless the top administrator undertakes personally to review the basis of all decisions he is called upon to make, which would create an impossible bottleneck at his desk. On the other hand, one mark of a good executive is his ability to decide quickly whether more staff work or more thorough planning needs to be done before he can intelligently consider a proposed action. Policy questions that raise issues about his basic program objectives or the kind of structural arrangements and administrative coördination he wants in his organization

will require more of his time than operating decisions, the bulk of which he must delegate to his immediate line subordinates

On either type of policy question, however, regardless of the time element involved, the final formal decision is preceded by an evolutionary stage of formulation This begins with the spotting of some concrete needs and identification of the problem, leading to investigation and analysis. It is carried forward to the point of corrective recommendations, leading in turn to formal initiation of the proposed action for review and approval or rejection in terms of its implications for existing practices and relationships Ultimate determination is succeeded by the stage of execution, which consists of a designation of the individual responsible and the procedures to be followed for applying the controlling policy or general plan of action in particular cases

Prompting Role of Management Once the main lines of program objective, structural grouping, and functional coordination have been laid down, neither formulation nor execution of policy as a matter of practice is sharply distinct from the other. Policy issues are continually arising out of problems of execution, and solutions may be initiated at any phase of execution New facts, different situations, and changing pressures are constantly coming up which necessitate decisions by operating officials or else require requests for policy clearance or approval of proposed action on a higher level[1] A well managed agency properly encourages such suggestions from below However, they must be analyzed and reviewed in the wider policy perspective to determine whether the proposed measure falls within existing policy or whether the policy itself should be modified

One task of management, therefore, is to establish appropriate methods for identifying existing or potential problems, and to provide channels for sifting and expediting consideration of policy issues at the most suitable agency levels[2] The determination having been made, it is equally important that its substance and its rationale be quickly disseminated to the whole staff and to the public affected by it The ease and effectiveness with which an agency educates itself and its public as to its own policies and any changes in them, determines in large measure its ability to dispose of its work with ease and effectiveness at operating levels

Legislative Basis of Administrative Policy On a broader scale, the same

[1] As stated by Lives Walter H C and Wilcox Francis O Organizing the Government for Participation in World Affairs *American Political Science Review* 1944 Vol 38 p 927 "Foreign policies like other policies are not made at the top They are an institutional product rather than orders issued from above They are submitted in a hundred different ways through staff decisions and recommendations, to be tacitly or explicitly approved or disapproved

[2] The whole process is one of varying degrees of importance Organization consists of fixing responsibility for decisions at those points where there is appropriate competence to make them in terms of experience and perspective' Blandford, John B, 'Coordinating Administration, p 94, *Proceedings* 28th Conference of the Governmental Research Association Detroit, 1940 See also Appleby Paul H, *Big Democracy* pp 88 94, 120 124, New York Knopf, 1945

process that goes on in administrative organizations occurs in legislative policy-making, except that most of the issues do not arise out of daily operations of the legislature's own staff In a sense, the legislative body acts as something like a board of directors for all administrative agencies, but policy determination is divided between it and another political organ, the chief executive Both, separately or jointly, determine policy that is binding upon administrative agencies

This division seems to assume two principal channels for policy formulation· one from the people through their elected representatives; the other from administrative officials to the chief executive The interaction between these two processes would be relatively simple if the legislature confined its role in policy formulation to approving or disapproving policy proposals submitted to it by the chief executive, whether through statutory enactments or through the positive or negative exercise of its power to appropriate the funds estimated to be necessary for the achievement of stated public purposes English-speaking countries, however, have rejected such simplicity after an historic struggle for control of the royal or executive prerogative. As a result, the legislature established its constitutional power not only to decide whether money should be spent for a public purpose, but also to take the initiative in policy making and extend it to defining the method, principles, and organization by which that purpose should be attained

Main Division of Responsibility Nevertheless, the scope of governmental functions under modern industrial and technological conditions is so vast that legislative bodies from sheer necessity have delegated more and more responsibility for the content of policy proposals to administrative agencies. In these agencies, more technically competent, comprehensive, and balanced consideration of the issues is possible than in the atmosphere and procedures of large legislative assemblies The magnitude and pressure of public business upon legislatures has forced them to relinquish much of their initiating and planning function to the chief executive, thereby enhancing the importance of legislative review and approval of administrative proposals. Such legislative review and approval are most effectively exercised in the creation or modification of administrative powers,[3] whereby administrative policy is controlled prospectively—in the first instance by basic legislative authorization, in the second by appropriation of funds

The distinction between legislative and administrative policy does not turn so much upon an inherent difference in the content of policy as upon the extent to which the proposed innovation or plan of action involves a fundamental change in existing public policy. The new program or policy will require legislative authorization primarily as it calls for amendment or revision of established practices or expectancies around which public feelings

[3] See Jennings, W Ivor *Cabinet Government* pp 177 178 London Cambridge University Press, 1937

or economic interests have become consolidated. No satisfactory substitute has been found for the educational value of public discussion created by open investigation and debate, the safeguards implicit in public hearings, and the stability gained by survival of the legislative crucible and the embodiment of policy in the form of law. The great hazards in the legislative process are the distorting influences of partisan forces seeking narrow objectives through piecemeal amendment, regardless—and sometimes at the price—of the over all plan

Coordinate Tasks of Legislature and Chief Executive. It is often claimed that the chief executive is in a better position than the lawmaking body to secure expert consideration of policy questions in the light of the complexities and conflicts that have to be reconciled However, he has his own problems of maintaining personal relationships with the leaders of his party in the legislature, appraising the popularity of policy proposals in terms of votes, and ensuring cohesion of his party organization Given the multiplicity of policy initiators in the legislature, it is clear nevertheless that he has an important and legitimate function on behalf of the whole people to state authoritatively his opinion on the substance of proposed policy He is best placed to answer the question of how far policy should be formulated on the basis of considerations deemed important by the experts in getting votes—the politicians—and how much weight should be given the factors deemed important by the experts in getting the job done—the administrators

Put in another way, our constitutional system assumes the desirability of divided responsibility and rivalry between chief executive and legislature As a consequence, the chief executive bears a large part of the burden of formulating and explaining the need for changed public policies and for focusing the legislators' attention upon the issues which they should decide, as distinct from those decisions which should be left to administrative judgment and competence.[4]

2 Fact Finding and Discretion in Administrative Policy

Delegation of Policy Determination. Much discussion and analysis, particularly in legal literature, has been devoted to the legislative delegation of rule making power to the discretionary judgment of administrative officials No analysis of the technical legal arguments need be made here because we shall examine them in a later chapter The present discussion starts from the basic premise that a legislative body cannot administer. The practical question, therefore, is the extent to which it is desirable for the statute

[4] *Cf* Goodnow, Frank J, *Politics and Administration*, New York Macmillan, 1900, Schumpeter, Joseph A, *Capitalism, Socialism and Democracy*, pp 269 302, New York Harper, 1942, Watkins, Frederick W, 'Constitutional Dictatorship," in Friedrich, Carl J and Mason, Edward S eds, *Public Policy*, p 324 *ff*, Cambridge Harvard University Press, 1940 Lindsay, A D, *The Modern Democratic State* pp 143 146, London Oxford University Press, 1943, Jordan, Elijah, *The Theory of Legislation*, Indianapolis Progress Publishing Co, 1930

to prescribe in detail the methods of achieving its purpose. In other words, how free a choice of means should be given the administrator?

The legal question of delegation really goes to the problem of the desirability of the general policy. The Supreme Court has made it clear that if the legislature has the authority to adopt a given program of action or plan of regulation, it may prescribe the method of achieving that program in either general or specific terms. In doing so, it is subject to only two major conditions. first, responsibility for achieving the public purpose or program should be vested in public officials; second, the statutory statement of the public purpose should be expressed in terms that are sufficiently clear to afford a criterion by which the courts may judge whether the administrative policy has a reasonable relationship to the basic statutory purpose.[5] Assuming the constitutionality of the legislative purpose, the problem of administrative policy-makers is to determine whether the conditions exist under which the adopted policy should be applied and what should be done to give it effect In these terms, the proper criterion for appraising administrative discretion is the reliability and accuracy of the information upon which such determinations are based.

Congress, the statute itself, and functional groups exert pressures which in their combined effects upon administrators tend to force them to seek as complete a finding of the facts, as rigorous an analysis of the relevant issues, and as precise a statement of the assumptions and reasoning upon which the administrative approach should be based, as can be obtained from their staffs. In this view, which holds that as a rule the top official of an agency is intent upon performing his tasks as fairly and effectively as he knows how, the principal limitation upon the quality of administrative policy is the scope and reliability of the facilities for analyzing and presenting information to him He must rely in large measure upon the statement of the issues that his staff presents to him The question, therefore, is how the administrator can guard himself against the pitfalls of subjective preferences, based upon superficial or narrow assumptions as to what information is relevant and what issues are important

Administrative Contacts with Private Fact-Finding Groups. One thing the administrator may do is encourage the establishment of contacts with private fact-finding groups outside of government Outstanding examples of these linkages are the informal relationships between the Bureau of Agricultural Economics and the farmer organizations; the Bureau of Labor Statistics and the labor organizations; the Interstate Commerce Commission and the Bureau of Railway Economics of the Association of American Railroads; the Office of Education and the National Education Associa-

[5] *Cf* U. S v Rock Royal Coop, 307 U S 533 (1939); Opp Cotton Mills v Wage and Hour Administrator, 312 U S 126 (1941) Yakus v United States, 321 U S 414 (1944), Corwin, Edward S, *The President Office and Powers*, pp 111 126, 365 369, New York: New York University Press, 1940 *Cf* also below Ch 23, The Judicial Test '

tion; the Bureau of Foreign and Domestic Commerce and industry trade associations; the Census Bureau and the American Statistical Association; the Bureau of the Budget and the Public Administration Clearing House and its affiliated organizations of public officials; the Children's Bureau and the local councils of private welfare agencies; the United States Public Health Service and the American Medical Association.

Collaborative relationships in planning and stimulating research programs are unquestionably helpful to both private and public agencies, sometimes developing into well-understood divisions of labor. The mutual interest of these different bodies in the problems of the same economic grouping in the population or the same area of professional concern arises out of essentially similar general views of public policy. Administrative policy should therefore be on its guard lest the factors of propinquity bring about a public distrust of the reliability of the agency's official judgments, decisions, or publications.

Interagency Use of Staff Resources. A second way of improving staff sources of information is to further the formation of technical relations and associations with officials of other agencies engaged in the same type of work. In the federal government the Council on Personnel Administration holds monthly meetings of departmental personnel officers. Another illustration is the Division of Statistical Standards in the Bureau of the Budget. This unit performs a semiofficial service of a similar character for agency statisticians by establishing interagency coordinating committees to handle technical problems of program and method Progress and results of the planning and coordinating activities it sponsors are described in a monthly *Statistical Reporter*[6]

Arrangements such as these are valuable They widen technical points of view. They increase professional experience through exchange of viewpoints and information. And they develop support for interdepartmental programs and techniques having general policy significance as distinct from purely jurisdictional bureau centered interest

Government-Wide Clearance of Policy Proposals. A third way of placing an agency in official touch with external sources of information is exemplified in the federal government by the procedure of formal consultation and clearance of legislative matters and proposed executive orders through the Division of Legislative Reference in the Bureau of the Budget.[7] Any recommendation for legislative enactment or report by an agency upon pending legislation must be put before the bureau before submission to Congress. The bureau determines what other agencies are affected by the subject matter, supplies them with a copy of the pertinent materials, and requests a

[6] See also Bureau of the Budget, *Two Years of Progress under the Federal Reports Act*, Senate Report No 47, pt 2, 79th Cong , 1st Sess , Washington, 1945

[7] See Executive Order No 8248 of September 8, 1939, Budget Circular A-19 (revised) of August 1, 1944

statement of their views on it. Having secured the views of all agencies concerned, the bureau ascertains the relationship of the legislation to the program of the President, and communicates its finding to the initiating agency, which in its report to Congress must include a statement of the advice received from the Budget Bureau.

This channel, of course, is not a means of broadening the span of attention of a very large proportion of the staff of a department. Formal clearance procedure represents a very late stage in the interdepartmental negotiation or exchange of views. "The real consideration of legislative proposals in administrative circles precedes, rather than follows, compliance with the formal clearance requirements."[8] Many pieces of forward-looking legislation in recent years have been the result of a vast measure of informal preliminary discussion prior to the initiation of final proposals through formal channels. Yet the existence of clearance requirements is a real incentive to interdepartmental consultation.

Ensuring Objectivity in Staff Recommendations. Personal and professional contacts and associations across departmental lines are an important means of broadening staff outlook on policy questions. Top administrators also have a strong interest in establishing devices whereby they can be assured of the accuracy of the facts and the objectivity of statements on the issues presented to them for decision. This problem is particularly compelling when the administrator acts in a quasi-judicial capacity, in which he must find out what questions really are at issue and arrive at judgments as to what should be done on the facts of specific cases. Such narrowing of the area of decision in specific cases from general arguments to definable factors or determinants of judgment is an outstanding feature of the entire administrative process It accounts for much of the emphasis on the part of regulatory tribunals and agencies upon a "fair hearing," "decision on the record," and "substantiality" of evidence.

The problem is not restricted to quasi-judicial processes in the specific sense, however. Even ordinary administrative orders and acts must be based on a careful scrutiny of all the relevant facts. Moreover, all rules and regulations prescribing rights or obligations of individuals must be drafted on rigorously analyzed assumptions as to the type of situation that is anticipated or planned for. Generalized language is necessary, but trained analysis in advance of formal promulgation reduces the apparent generality and ensures application of the rules within concrete and often quite precise limits.[9]

In order to create an administrative pattern in which this type of analysis operates continuously and as a matter of course, the administrator must

[8] Witte, Erwin E, "Administrative Agencies and Statute Lawmaking," *Public Administration Review*, 1942, Vol. 2, p 119.

[9] This process appears to conform to the "utilitarian" method and standard of arriving at ethical judgments, which has been applied to administrative theory by Leys, Wayne A. R., "Ethics and Administrative Discretion," *Public Administration Review*, 1943, Vol. 3, p. 10 *ff.*

establish machinery for institutional planning and for review of lower-level decisions or recommendations.[10] This is first of all a problem of key personnel, which rests upon a relationship of personal understanding and cooperation between the first echelon of subordinates and the top administrative authority, whether it be a board or individual. Once the personal relationships at the top have been established, however, administrative planning is properly distinguishable from the review process.

In formulating new goals of administrative effort, planning draws upon all facilities and personal resources in the organization, regardless of lines of responsibility The function of review is closely associated with existing lines of command, and with the responsibilities of supervisors in scrutinizing the quality and quantity of their subordinates' day-to-day work. In complex organizations like the Army Service Forces and the War Production Board of World War II, the two functions may be brought together at the top in an over-all review group—the Control Division of ASF and the Bureau of Planning and Statistics of WPB This will stimulate self-analysis and improvement in performance standards as well as reporting methods on the part of operating divisions Both such planning and review presuppose thorough fact-finding as a basis for administrative decision[11] On any problem of policy formulation, they rival and supplement each other by emphasizing different facts and different approaches to the same problem for attention at the top Administrative planning should be closely tied into budget formulation, from whose planning phases it is indistinguishable[12]

It should be clear, then, that the administrative approach to the problem presented by legislative delegation of discretion to achieve a broad objective of public policy does not assume an unfettered choice of means For example, the annual legislative review of appropriation requests provides a check The technical nature of the particular issues imposes certain limitations. The sources of information and devices of coordination available to top executives through budgetary and management channels, functioning under government-wide standards, establish another set of brakes The promotion of criteria of technical competence through interagency staff associations, formal and informal, are further important controls of a professional character Finally, the evolution of procedures for ensuring accurate and fair determination of the facts, including specific recognition of the function of internal administrative planning and control, represents an advanced form of research-in-action, whose principal defect is the narrow-

[10] *Cf* Simon, Herbert A Decision Making and Administrative Organization," *Public Administration Review*, 1944, Vol 4, pp 26 29

[11] In the words of Follett Mary P, *Dynamic Administration* p 305, New York Harper, 1942 I have given four principles of organization The underpinning of these is information, based upon research

[12] *Cf* Walker, Robert A, The Relation of Budgeting to Program Planning *Public Administration Review* 1941 Vol 4 pp 97 107

ness of statutory and technical perspective rather than a plenitude of "uncontrolled" power.

A perhaps more understandable source of criticism of administrative power arises from less objective factors. It stems from legislative and public distrust of the social ideals and political preferences that are imputed to certain administrators, or to members of their staff to whom some special or iniquitous influence is attributed by outsiders. This problem is important enough to deserve special attention.

3. Ideology and Administrative Policy

Sources of Ideology. The word "ideology," as applied to an individual, is a synonym for his social philosophy. As an individual proceeds toward an integrated personality, he develops a more or less articulate social outlook, a world view, which is the resultant of many factors—his family background, his educational experience, his occupational status, his human wants, his cultural interests, his emotional preferences. The individual's self-awareness in terms of these personality elements, together with the formulation of his own objectives and criteria of meaningful living, constitute his social philosophy.

In this sense every one has an ideology, with infinite variations in comprehensiveness, hidden contradictions, and degrees of effective adjustment. If he is unwilling or unable to work out his own independent position, he finds several ideologies or systems of social interpretation—such as Americanism, individualism, liberalism, socialism—competing against one another for his attention as the most satisfactory method of explaining the facts of a complex world. The danger of all ideologies is that they may become substitutes instead of instruments for thinking. Since some explanation is essential to his own sense of personal security and adjustment, the individual is apt to develop deep-seated emotional attachments to his own interpretation. Conversely, he may come to exhibit violent resentments of "alien" ideologies which threaten the security or stability of his own conception of a desirable world.[13]

Ideology of Political Office. In democratic politics, there is a rough connection between the personal ideology of the elective official and the means of holding him to account for his acts. The political officeholder's ideological problem consists of his ability to identify his preferences—or, if comprehensively thought through, his philosophy—with the objectives that a majority of the voters in his constituency will support at the next election. In administration, however, this type of ability is in demand only at the top-policy level, where a relatively thin layer of political officeholders is superimposed upon the permanent staff to bring about changes in policy when

[13] *Cf.* Lasswell, Harold D., *World Politics and Personal Insecurity*, Chicago: University of Chicago Press, 1934; Mannheim, Karl, *Ideology and Utopia*, ch. 3, New York: Harcourt Brace, 1936; Becker, Carl, *New Liberties for Old*. New Haven: Yale University Press, 1942.

control of government changes hands. The man at the head of an agency with the ability to gauge public opinion and to attract popular support must learn how to use his permanent staff, who possess vastly more technical information and experience than he. His administrative job is to guide and lead his managers and technicians in the direction in which he wants them to go.

Administrative Ideology. In contrast to the qualifications of a political officeholder, those of the permanent administrative officer are experience, training, and ability to get a job done—that is, to plan and direct the performance of a program of work within policies and under conditions more or less broadly defined by law. Legal authorization implies that the function or program is of continuing value or service to the public, regardless of changes in political office. While statutory policies and conditions should be adjusted in the light of experience to changing public opinion, the rate of legal adjustment and administrative change is relatively slow.

Hence administrative employees, including those attached to top levels, are always faced with a possible conflict between their own preferences and the opinions of the public, the legislature in whole or in part, the chief executive, and the political superiors to whom they are responsible. A great deal of latitude in expression of personal views may and should be permitted insofar as raising policy questions is concerned. However, once the decision has been made, the subordinate must be held responsible by the superior for performing his duties along the lines of the policy laid down. The ideological problem of permanent public servants therefore consists not only in the barriers and resistances imposed by layers of authority above them, but also in their acceptance of the frustrations implicit in the slowness with which constitutional democracy moves.

Intellectual Flexibility and Emotional Stability. These conditions impose two important qualifications upon permanent administrative officials who by virtue of their positions or abilities recommend, review, or on their own level approve policy decisions. One is intellectual flexibility; the other is emotional stability. The stresses and strains involved in making the necessary personal adjustments are so great that there is a strong tendency, particularly on the part of personnel in intermediate grades of responsibility, to escape them completely by shunning policy questions. This tendency may be reflected in a negative attitude toward new suggestions or unfamiliar ideas. Or, it may result in a refusal to take a position except in accordance with established routines or express instructions from a superior. Moreover, those who do succeed in adjusting themselves to the flexibility requirement are in danger of falling into opportunism and abdicating their personal conviction.

The question is one of great difficulty because of the strains imposed upon both intermediate planning and supervising staffs and the top administrators. The latter, in their preoccupation with personalities and political

considerations, tend to dismiss the importance of technical disagreements between staff on problems which overlap several responsibilities or fall partially outside the agency's bailiwick. In short, the administrator who encourages initiative creates conflict in his organization. Under these conditions, to him the paramount desirability often appears to be whatever policy decision offers the best chance of enabling the organization to stick together—the "good of the service" doctrine.

Effects of Ideological Orientation. At its lowest extreme, the need for organizational solidarity may stifle all initiative apart from uniformity with the "party line" of the group closest to the agency head. In its higher manifestations, organizational unity encourages objectivity of judgment and the raising of policy questions on the assurance that existing policy is fully carried out. As a corollary, this solidarity proscribes special favors for special groups or individuals inside and outside the organization. At the same time, such a drive for unity places a large responsibility for policy coördination upon the agency head and his immediate associates, because once their authority has been subdivided, differences over policy questions among them must be disposed of in terms of the prestige, self-respect, and pride of every member of the administrative subdivisions involved.

Administrative ideology, therefore, presents a very complex problem in social psychology. Immediately and concretely, administrative policy is to a large degree a matter of personality and personal relationships between the agency head, his own staff, and the first level of operating subordinates. *Ex officio,* so to speak, the understandings and commitments of this group determine much of the course of administrative policy. In personnel changes at these levels may be sought the significant clues to shifts in the direction of policy. However, the ability of top management to do its job in achieving the purpose of the organization as a whole depends in turn on the sense of contribution, accomplishment, and participation on the part of the working groups all the way down the hierarchy. In the face of the explosive problems generated by social idealism, personal will-to-power, and simple demands for a sense of job satisfaction by men working in groups, it is not surprising that outsiders get the impression of powerful, anonymous influences which are feared because they are not understood.

4. External Influences and Administrative Policy

Impact of Interest Groups. Legislative relationships are, of course, not the only external influences which administrative policy-making must take into account. Organized pressure groups are well aware of—and sometimes responsible for—the delegation of discretionary powers to government

agencies. These groups maintain an ever-watchful eye upon administrative decisions affecting their own purposes and programs.[14]

Their influence is exercised through requests for information; demands to be heard at formal hearings; their ability to create an extremely unfavorable atmosphere of publicity for the agency; and a negative power of refusing to cooperate with administrative officials. Over and above pressure tactics, however, as was pointed out in an earlier chapter,[15] group organizations have secured considerable recognition for a valuable consultative role through which, in various forms, they may participate in the formulation of administrative policy.

Public Relations. Public relations, not only with legislative bodies and organized groups but also in terms of informing the press and the general public of the work and accomplishments of an agency, have been accepted in recent years as an essential element in administrative policy.[16] While the general function of a public-relations officer is one of public information, his influence extends to the problem of how a complicated, technical policy-decision can best be explained to the lay public. Sometimes he may have to propose the modification of a policy in order to secure better understanding and a more favorable public attitude toward the agency.

Beyond its decisions in particular cases, the long-run task of an administrative agency is a public relations problem. The job is to transform a public policy, which originally is only a string of words in the statute book or in a directive, from a purely verbal expression into a pattern of public acceptance. Such acceptance must include an expectancy as to the activities of officials responsible for putting the policy into effect. In this broadest sense of public relations, the long-run justification of an administrative agency—particularly in the regulatory field—will depend in large measure upon its success in establishing a favorable reaction to its basic policies and its normal methods of operation.

Issues of Legality. Since government agencies function in pursuance of law and are controlled through forms of law imposed by the courts, legal considerations are an important factor in administrative policy-making. Many agencies have a continuing problem, however, in clarifying for themselves the proper role of legal advice. The term "administrative law" may be said to include the legal rules controlling administration, the written letter of the policies developed for or by administration, and the procedural forms through which administrative acts secure legal effect. One or the

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[14] *Cf.* Herring, Pendleton, *Public Administration and the Public Interest*, New York: McGraw-Hill, 1936. Crawford, K., *The Pressure Boys*, New York: Viking, 1939. McCune, W., *The Farm Bloc*. New York: Harcourt Brace, 1943. Blaisdell, D. C., *Economic Power and Political Pressures*, Monograph No. 26 of the Temporary National Economic Committee, Washington: Government Printing Office, 1941.

[15] *Cf.* Ch. 14, "Interest Groups in Administration."

[16] *Cf.* McCamy, James L., *Governmental Publicity*, Chicago: University of Chicago Press, 1939.

other of these highly important aspects of the administrative process has upon occasion been used to justify the notion that legal considerations—that is, those proposed by lawyers—should dominate in the determination of substantive policy and likewise in the entire process of administrative investigation and review

Task of the Agency Lawyer For example, in the early wartime history of the Office of Price Administration,[17] virtually a dual legal-administrative structure was established A legal adviser reporting to the general counsel of OPA was attached to each important level of authority in the Price Department To require legal consultation may not appear to be an onerous obligation However, when it is construed by either the operators in the line of command or the lawyers, or by both, as a division of administrative responsibility, a truly perplexing situation arises Similarly, at higher policy levels operating executives tend to resent the views of the chief legal counsel on policy proposals unless these center on questions of authority, adequacy of analysis of the legal issues; accuracy of the facts upon which the proposed determination is based; and propriety of the form and procedure in which action is to be taken

Of these four categories, questions of authority afford perhaps the least numerous though the most irritating opportunities for participating in policy discussion In administration, the most sought-after advice relates to the questions "What should be done?" and "How can this be done?" It is a great temptation for the lawyer, particularly if he is able and aggressive, to overextend his sphere in initiating policy on administrative matters In most situations he will contribute to internal administrative unity and improved public relations if he raises his policy ideas and legal questions reasonably close to the final point of determination In so doing, he will make his influence less questionable and secure more respect for the considerations that fall into his primary responsibility for litigation before the courts and proper deference to the citizen's procedural interests

Dynamics of Administrative Policy Making All of these external factors are dependent upon one another In more than one way they are involved in most policy determinations, with their importance varying from problem to problem Giving each factor its proper weight is the function of administrative judgment Policy decision in administration is not an isolated act of top officials; it is not a legalistic interpretation of an hypothetical legislative intent; nor is it the exercise of unfettered power to steer a course according to the administrator's political preferences or social prejudices Rather, it is the result of an interplay of many forces and many brains brought to a focus by the coordinating direction from the administrator.

[17] See Pruefer, C H, "Dual Responsibility under a Single Head," *Public Administration Review*, 1943, Vol 3, pp 59 60 *Cf* in general Morstein Marx, Fritz, "The Lawyer's Role in Public Administration,' *Yale Law Journal*, 1946, Vol 55, p 498 *ff*

His is the responsibility for reconciling political and legal factors with the factual analyses and technical recommendations of his staff.

The dynamics of administrative policy-making are therefore not readily captured in any simple pattern of thought. The least realistic view is that of administrative policy emerging straight from the administrator's autonomous decision. The gifted executive, it is true, will be able to sense the need for policy shifts as well as the weaknesses in existing policy through his grasp of the work of his organization. Even then, however, he will combat any tendency on his part to come forth spontaneously with specific remedies Instead, he will be guided by personal "hunch" to probe into the matter in conversations with his immediate associates, and on this basis determine specific assignments of an exploratory character addressed to appropriate staff units or line officials. Their preliminary work in turn will furnish the basis upon which the particular problem can be discussed a second time with better insight on the top level.

Far more often are policy proposals initiated, not by the administrator himself, but by those much further down the line who see the issues in concrete terms in the course of their day-by-day activities. A field office chief, for instance, may grow aware of the operating inadequacy of a given policy. He may have informal ways of checking his own reactions with those of other field officers in his region. He is also in a position to take into account public attitudes in his area expressed to him in various ways, including occasional lunches with local spokesmen of his agency's clientele and other interested groups. Through his reporting relationships with the regional director, he has an opportunity for enlisting the latter's interest. Again, a broadening of relevant considerations is apt to occur when the emerging proposal and the substantiating facts are mulled over in the regional office, or perhaps placed on the agenda of some periodic meeting of all field officers held by the regional head. As the matter moves up the line, it is likely to reach the departmental level in the context of an individual bureau responsible for defined aspects of the agency's program. Ordinarily, the bureau chief will first assure himself of the thoughts of his own key people. Only thereafter will he draw other bureaus or staff units into consultation.

Perhaps the bureau chief will have sufficient standing before the legislature to take the initiative in sounding out some of the more important figures on the legislative committee that is primarily concerned with the agency's activities. He may thus be able to ascertain in advance the drift of legislative attitude. He may also seek the views of interest-group headquarters, either through formal consultation or in off-the-record conversations. In all of these stages there occurs an enrichment of thought and a sounder appreciation of the realities surrounding the policy proposal. Such realities may well include gradually sharpening disagreements among dif-

ferent interest groups, among different bureaus, among different legislators, and among different staff officers.

Administrative gains to be secured by action on the proposal would have to be balanced carefully against the potentialities for internal and external conflict. In many instances, no doubt, the proposal is shelved before it goes any further. In other instances, the sponsoring bureau chief will grow convinced that a fuller examination of the facts and of possible alternatives to the proposal is required. Such examination may involve extensive study by a particular staff unit in the agency, perhaps in cooperation with expert staffs in other agencies and on the level of the chief executive, or with private groups having research facilities or other resources of their own. In still other cases, the matter will resolve itself in terms of an opinion of the legal counsel of the agency—negative or positive; and if the latter, with or without significant qualifications.

All of this is merely the preliminary stage of preparing the ground for action on the administrator's level. When and if the matter comes up before him, it will usually be clear whether legislative changes must be sought or whether the issue can be disposed of through executive order or by the agency itself under its statutory authorization. The administrator must assure himself of the comprehensiveness of vision that should support the proposal. His immediate staff aides will help him to determine whether the recommendation makes due allowance for an agency-wide or even government-wide point of view, or whether it tends to overplay the institutional interest of one particular bureau or one particular function entrusted to the agency He may decide to yield in this individual instance to what he must recognize to be an act of bureau self-promotion—simply because he is aware of the political strength of the sponsoring bureau in terms of its outside support. In any event he will have to alert his public-relations staff for the impending action.

Then, before he takes action he may want to bring together once more the leaders of interest groups, perhaps in order to achieve a more satisfactory compromise among them or to win additional support through measu ed concessions to opposing interests If he does, he may on occasion find it desirable to drop the proposal because of growing fear of public controversy. Conversely, it is also conceivable that for reasons of personal conviction or personal working relationships with individual legislators, other agency heads, or important interest groups the administrator will veto the proposal notwithstanding a climate of wider support. Furthermore, his thinking will be affected by his own anticipation of the reaction or the needs of the chief executive.

If the policy proposal requires for enactment an executive order, the administrator must give thought to the kinds of resistance or opposition he may run into when the drafted order enters the process of top-level clearance. In the face of a serious chance of conflict on this level he would have

to raise the question of whether he should first discuss the matter with the chief executive or present it in a cabinet meeting. Here again, reconciliation and adjustment will have to be worked out; and the ultimate product of the long chain of transactions may look quite different from anything the field office chief had in mind when he made himself the snowball that set off the avalanche.

This much is clear, however. Administrative policy-making is ordinarily not reduced to any single action either of a homogeneous bureaucracy or of the responsible administrator. It is more in the nature of a conglomeration of agreements among a large variety of groups—agreements sufficiently widespread and substantial to outweigh remaining unresolved conflicts. It is a process that necessarily in most instances moves slowly, but proportionately moves more surely. It is also one that operates at a relatively high rate of mortality of policy proposals. With all that, it is no less an approximation of community consensus than is the legislative process, and it is subject to the same irritations and handicaps.

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CHAPTER

17

Government By Procedure

1. The Nature and Limitations of Procedure

Meaning of Procedure. In the hectic early days of one of the great war agencies of World War II, the handling of correspondence was so cumbersome and slow that often tempers reached the blazing point. A well-known management analyst, brought in to help treat the agency's growing pains, made a study of the routine steps in dealing with a simple letter from the time it reached the office until the equally simple one-paragraph reply was mailed. A very unusual but dramatic "flow chart" was prepared, using a thirty-yard strip of wrapping paper and—symbolically—festoons of red tape to indicate the tortuous movements of the correspondence, step by step. As a result of the study, replies were speeded and manpower and materials were saved, chiefly through the introduction of standardized procedures to deal with routine inquiries.

This incident serves to illustrate some of the matters that are the subject of our discussion here—such as the relationship of procedures to staff morale and "public relations," and the value of specialization in the analysis and creation of procedure.

Administrative procedure, broadly defined, is the prescribed or customary way of working together in the conduct of an organization's business. Procedure thus has three distinguishing features. The first is the repetition of transactions in a prescribed or customary fashion. The second is the coördination of various efforts into a larger whole. The third is purpose: to maintain the organization in operation and achieve its goals.

Role of Procedure. The essential role of procedure is well epitomized in phrases that Walter Bagehot coined for another purpose—"the hyphen that joins, the buckle that binds." Aside from leadership and coöperation, it is procedure that knits an organization into a whole and keeps it a going concern. It is procedure that governs the routine internal and external relationships—between one individual and another; between one organizational unit and another; between one process and another; between one

skill or technique and another; between one function and another; between one place and another; between the organization and the public; and between all combinations and permutations of these. It is by means of procedure that the day-to-day work of government is done—mail sorted, routed and delivered; deeds recorded; accounts audited; cases prosecuted; protests heard; food inspected; budgets reviewed; tax returns verified; data collected; supplies purchased; property assessed; inquiries answered; orders issued; investigations made; and so forth endlessly.

Procedure, properly applied, allows specialization to be carried to its optimum degree and effects the most efficient division of labor. Procedure not only divides labor; it also divides—and fixes—responsibility. Procedure thus is a means of maintaining order and of achieving regularity, continuity, predictability, control, and accountability. It is a means of maximizing control of the subjective drives of an organization's members, of assuring that their official actions contribute—and, if possible, that their private loyalties conform—to the organization's objectives. From a general political angle, procedure ensures equality of treatment—a value of great significance to the citizen

Procedure is not a unique feature of public administration. It is a concomitant of all organized activity, and many procedures are equally usable by private administration or public administration Private as well as public "red tape" can be time-consuming and annoying to those affected, as any one can testify who has tried to exchange a purchase without a sales slip or to cash a check without "proper identification."[1]

Procedures as Laws of Activity. From one point of view, an organization's procedures may be regarded as a body of "law" applying primarily to its members, but also in varying degree and manner—depending upon the organization's authority and activities—to persons outside. More than analogy is involved To the extent that procedures are prescribed by constitution, statute, and court decision, they are law in the full legal sense and they are enforceable as such Most procedures, however, are only modes of conduct devised by the organization to regulate the working relations of its members While these modes of conduct must, of course, be consonant with law, and while in the case of public agencies their ultimate purpose may be to give effect to law, they are not generally law in the technical sense. The sanctions for their enforcement are primarily administrative.

As with law, procedure may be either written or unwritten. Large and well-developed agencies have specialized procedure-issuing organs and put forth a large volume of written procedural materials. Small and rudimentary organizations may rely heavily upon unwritten custom. In any organization, large or small, custom and current conceptions of administrative right and wrong are very important. Some written procedures, just

[1] For an interesting comparison of public and private "red tape," see Appleby, Paul H., *Big Democracy* Ch 6, New York Knopf, 1945

as some laws and ordinances, are honored chiefly in the breach, though they have been prepared in the proper manner and duly signed by the highest authority. They may be so poorly written that they are not read or understood; or so unrealistic that they are not taken seriously; or they may be contrary to prevailing notions of administrative morality and incapable of enforcement. Conversely, some procedures may become well-developed by custom and be followed religiously without being committed to paper—either through neglect or because to do so would not be politic. "Standard operating procedure" is not necessarily set forth in a manual.

Again as with law, procedure is laid down at various levels. An organization may prescribe procedures applying to itself as a whole or to any or most of its component parts. Conversely, organizational units generally may adopt any procedures that are reasonable and not in conflict with law or with procedures set forth by a superior authority. The structure of procedures in a large organization thus resembles a child's set of nested blocks. Accordingly, the "man at the bottom" operates under several, perhaps many, layers of procedure. Lest this be regarded as cruel, let it be said that unless he is an oversensitive individual he is likely to become accustomed to his burden, and even to cherish it as something peculiarly his own.

Procedure as Physiology of Organization. From another point of view, procedure may be looked upon as the "physiology" of organization. As such it is not separable, even in concept, from considerations of formal organizational structure. Anatomy and physiology are but different aspects of the same thing: structure is meaningless without functions, and function is impossible without structure. Organizational structures are defined ultimately in terms of procedures—"shall be the function of," "shall report to," "are responsible for." And in turn, procedures are geared to organizational structure—"upon receipt from the Administrative Division," "shall forward to the appropriate district office," and so forth.

Organizations are structures of relationships between skills. Procedure brings the structures to life. For highly developed professional or scientific skills, procedure performs the function of uniting them with an organization and its purposes It does not, however, substantially affect or reach into the skills or techniques of professional and scientific personnel. The preparation of a legal argument, the treatment of a plant disease, or the analysis of food for selenium traces are governed for the most part by rules outside the realm of administration. In descending the scale of specialized skills, however, this tends to be less and less true. Eventually a point is reached at which administrative procedure merges with whatever specialized function the individual may perform. Such operations as sorting, packaging, and loading are subject in their entirety to well-developed techniques of procedure analysis and improvement.

Procedure as Institutional Habit. In still another aspect, the procedures of an organization may be viewed as its "habits." Habits are the repetitive

acts that in large measure express and affect the personality and character of an individual. Procedures are the repetitive acts that in large measure manifest and shape the personality and character of an organization. Both habits and procedures routinize and stabilize day-to-day existence, contribute to the achievement of immediate goals, and release energies to deal with what is novel or "higher."

As it has its characteristic merits, habit has its characteristic disadvantages, and it is here that the chief limitations of procedure emerge For not only are procedures analogous to habits, beyond that, to an individual participant a procedure becomes largely a habit or series of habits, physiologically no different from habits developed in private life Thus a clerk whose role in a procedure is to sort and route certain documents develops patterns of mental and muscular coordination that are second nature.

The disadvantages of habit lie in its propensity to engross the whole individual The repetitive acts yield psychological and physiological satisfactions, and the habits become ends in themselves and substitutes for thought instead of aids to thought A "cake of custom" develops and hardens, hindering adaptation to changed circumstances. It is a common experience to encounter a human being or an organization that is now only an animated antique because habits or procedures were allowed to become ends in themselves instead of means to ends

The manifestations of procedural hardening of the administrative arteries are undesirable in themselves and dangerous to the life of the organization Constant effort is needed to obviate this deterioration By its very nature, procedure limits initiative and narrows discretion Unless the individuals concerned are more than ordinarily vigorous and resourceful, aware of the role of procedure and trained in its analysis, procedures—even excellent ones—exact a toll

Some victims of procedure, feeling their ambitions unsatisfied and their egos suppressed, adopt the tactic of passive resistance They develop a "waiting for orders" outlook, and pull only enough to keep the traces taut. Others make a false virtue of what appears a necessity by developing a Cult of Procedure Unsure of their position, uninformed about the significance of their function in the whole procedural system, they magnify their task far beyond its intrinsic importance Their own procedural role becomes a Thing-in-Itself, a monstrous defense mechanism Procedure is turned into a weapon to ward off the criticism of outsiders—ignorant intruders who do not recognize the preeminence of Procedure Woe betide the soul, inside the organization or out, who slights or fails to live by Procedure!

Still others, at once sophisticated about procedure and indifferent to the ends it is designed to serve, will use it as an army uses fortifications, either as a base for attack or a situs for defense If action or inaction serves their interests, they either will find a way to fit it within the letter of the procedures or they will circumvent or violate them But if they are faced with

an action they personally find disagreeable, even the minutiae of procedure will be used to strangle and kill.

2. Procedures and Public Administration

Rule of Law. Although procedure has generic qualities that do not differ whether the organization is public or private, the objectives of public administration and the conditions under which it is carried on create special procedural functions and problems American public administration aims at the accomplishment of broad, diverse, and often intangible objectives while working within the framework of one of the most complex legal systems of any modern state. It does this over great spaces—in the midst of a large, heterogeneous, and in part unsympathetic population; and in interrelation with an economic system of unparalleled intricacy.

The broad, diverse, and often intangible objectives of public administration are in large degree set forth in the statutes creating and instructing particular agencies However, in pursuing the objectives laid down in its basic statute an agency is motivated and guided not only by the statute itself As a governmental entity, its actions are conditioned by many other legal provisions which in one way or another apply to it. These provisions are many because the constitutional-legal system of America is of great complexity.

The fundamental significance of our complex legal system for actions which affect the public lies primarily in the idea of the "rule of law"—the idea that governmental actions may not be arbitrary but must proceed from and be consonant with law This general idea has been imbedded in the traditions of Western civilization for many centuries and is by no means a unique possession of America. However, a number of factors have combined here to give it a full and elaborate institutional and legal embodiment—so full and elaborate that sometimes the ends of justice may seem obstructed by it. The relationship of public administration to the rule of law is the subject of many volumes It is not the present subject of discussion.[2] Here, it is sufficient to note some of the chief features in the pattern of conformity required of public administration, and the role of procedure in achieving that pattern.

Every administrative act—national, state, or local—must conform to the Constitution of the United States as interpreted by the courts, ultimately the Supreme Court State and local administrative acts must, in addition, accord with the constitution of the state and the organic law of the community concerned Not only must administrative acts be in harmony with constitutional provisions; they must also be in accord with the laws which have been enacted pursuant to the constitution concerned.

[2] For a review of this subject and a guide to the literature of the field, see **Pennock, J. Roland,** *Administrationand the Rule of Law,* New York Farrar & Rinehart, 1941. See also below Ch 23, "The Judicial Test"

Safeguarding Liberty and Equality. The Constitution of the United States and those of the states individually, and many of the federal and state laws, contain provisions designed to safeguard citizens from unjust and arbitrary actions—that is, to assure the "rule of law" in its moral content, in its substance. What is the moral content, the substantive meaning, of the rule of law? A brief answer may be made: liberty and equality. As to liberty, federal and state constitutions and laws are studded with provisions seeking to guarantee that certain impositions shall not be made upon individuals by government action, or that if they do happen they shall happen only in a certain prescribed manner, by "due process of law." Examples are the provisions guaranteeing freedom of expression, or the rules of court procedure designed to safeguard the rights of those accused of crimes. As to equality, constitutions and laws are likewise replete with provisions seeking to make sure that all persons shall be treated equally by government; or that if classifications are established these shall be reasonable with treatment equal within classes. Thus there are provisions securing for every one "equal protection of the laws."

These limitations upon administration are political as well as legal. It is not only that the ideas of liberty and equality are anchored in the laws. They are also deeply ingrained in our national psychology and are hence a political force to be reckoned with. Public agencies are often not free to take expeditious actions or to make distinctions in treatment that are within the requirements of the law—and that a private concern would take without hesitation. The reason is that to do so might raise a hue and cry of "dictatorship" that might imperil the very existence of the agency.

The ways in which procedure serves to ensure that the requirements of the "rule of law" are met are manifold. Probably most prominent are consultation and review in their various forms. Consultation—intra-agency, interagency, and extragovernmental—in proper procedural form goes far to make certain that regulations and decisions are both legal and politic. Procedures for administrative review of protested actions are constantly being improved and lessen appeals to the courts. Procedures for internal review of correspondence, orders, and other official documents often take an undue toll of time and temper of personnel. Yet, adequately safeguarded by limitations on types of review and on time for review, "clearance" performs an invaluable function in contributing to administrative legality and propriety.

Legislative Prescription of Procedure In seeking to assure that administrative procedures are consonant with and adapted to serve the ends of constitutional government, American legislative bodies often prescribe procedures in greater or lesser detail, rather than leave the matter to the discretion of administrators. Legislation may, for example, direct that an agency issue orders only after consulting with the affected individual or group, or provide a review only for certain types of contested decisions. Of necessity, however, such procedural instructions are set forth in phraseol-

ogy less subtle than the facts that confront the agency. There is a large area in which the agency is "on its own" in devising procedures for achieving its particular objectives within legal and political limits. A considerable limitation of this area of option has been attempted by the Administrative Procedure Act of 1946, about which more will be said in a later chapter

In the case of regulatory agencies, the creation of procedures is of special significance because the procedures followed affect the "substance" of law in spelling out the rights and duties of individuals Often, in fact, it is only through procedures that the intent of the basic statute with respect to particular conditions is manifested In the statutes governing regulatory agencies, even when carefully drawn, we find rather broad criteria of action, such as "public convenience and necessity," "fair and equitable," or "unfair methods of competition" Criteria like these are translated by administrative determination into specific substantive rules or decisions—that is to say, rules or decisions to the effect that certain categories of persons or enterprises may or must take or refrain from specified actions

In translating the general criterion into the particular rule or decision, *procedures must be carefully devised to ensure reasonableness, fairness, and* consistency Or, from another point of view, they must ensure that all rules and decisions are within the intent of the legislature and will be upheld if challenged in the courts The "meaning" of a regulatory statute as it is applied depends thoroughly and intimately upon procedural rules relating to the collection of data or evidence, review of proposed regulations, appeals from decisions, and so forth

In addition to laying down procedures designed to maintain the "rule of law," legislative bodies often prescribe such procedures for somewhat different purposes. Conceiving their role as that of a "board of directors" for the public's business, they attempt to control the management of that business by defining the manner in which it shall be carried on, particularly in matters relating to personnel and expenditure of funds In part this may be ascribed to the fact that under our constitutional system, legislative bodies try to compensate for their very limited ability to choose or remove a chief executive They are therefore prone to supervise executive actions in as great detail as possible In part, also, it may be ascribed to the special honesty, publicity, and propriety expected in the conduct of public business. As a nation we have a double standard of administrative virtue, one for private organizations and one for public As a result, legislators—and sometimes administrators—in a well meant attempt to "keep out of trouble" tend to create substantive vices by excesses of procedural virtue.

Protecting Administrative Morality Dishonesty in public places is news. Since the merest peccadillos may come through magnification in the press to influence policy, public financial and personnel procedures are hedged

about by a great mass of stipulations designed to attain, not speed and efficiency in the public's business, but honesty to the letter and accuracy to the cent[3] The same is true of procurement of supplies, which is potentially and sometimes actually subject to serious abuse. To prevent dishonesty, elaborate safeguards have been erected. Thus government agencies are induced to regard purchasing of supplies as a routine clerical operation that can be performed by any one who has mastered the many relevant laws, regulations, and forms, rather than a business calling for skill in the economics of supply

The criteria of success under such conditions are apt to relate more to the correctness of the paperwork or the absence of "exceptions" taken by the supervisory authority, and less to cost and quality. Of course, honesty is essential It is a prime question, however, whether there is not a basic deficiency in laws and rules that fail to encourage an efficient stewardship of the public interest and on the contrary lend an aura of respectability to limited vision and dullness

As citizens, we demand that propriety as well as honesty in public business be doubly served by administrative procedures For example—perhaps as a survival of the notion that "the king can do no wrong"—letters from the government are expected to be not only precise and definitive in substantive commitments but also models of correctness So the Bureau of Widgets perforce must maintain a foolproof correspondence review procedure to ensure neat and grammatical replies even to messy and ungrammatical letters, despite the inevitable delay

Aims of Procedure Clearly, the public character of public administration generates special problems in the creation and revision of procedures At the bare minimum, administrative procedures must be above a legitimate charge of unconstitutionality or illegality If they are good procedures, they will do much more They will aim to conform to the spirit as well as the letter of our basic guarantees of freedom and equality. They will seek under unusually difficult circumstances to reconcile honesty with speed and efficiency They will go beyond the requirements of law in providing for prompt and courteous treatment of the citizen

The public official is like the preacher's wife in that higher than usual standards of morality, propriety, and courtesy are deemed to apply to both. In an economic sense there may be no distinction between the sources of public and private salaries, but the Taxpayers' League will never believe it.

3. Types of Administrative Procedures

Classes of Procedures A Linnaeus who will analyze and classify the flora of the procedural realm has yet to appear For some reason, formal analysis in this realm has lagged behind that in the realm of organization. Perhaps

[3] A lively discussion of limitations of this type will be found in Juran, J M, *Bureaucracy A Challenge to Better Management* ch 5, New York Harper, 1944

this indicates only that no constructive purpose would be served by classification. Perhaps it indicates lack of courage and industry, for procedural issuances exhibit a forbidding tropical exuberance and diversity.

Administrative procedures can obviously be classified upon a purely formal basis in several ways—for instance, whether written or unwritten, whether issued centrally or by field offices, and so on. However, the formal classification which seems most significant, in terms of the sources and uses of administrative procedures, is one which distinguishes between procedures designed to keep the organization operating as an organization, and those designed to accomplish the particular objectives of the organization. The former are internal and purely "institutional." They are not issued to the public. The latter, being concerned with the specific job of the organization, vary greatly. They are of two main types. those affecting a public and issued publicly, and those issued and applying internally only.

Institutional Procedures Institutional administrative procedures in our sense are those pertaining to a staff, housekeeping, service, or auxiliary function.[4] As noted earlier, such procedures for public agencies are in a large—and even undesirably large—measure prescribed by statute, though in practice the procedures of various agencies operating under the same statutory prescriptions may vary considerably. Some of the institutional procedures of each agency are also likely to emanate from a central unit operating upon a government-wide basis—in the federal government the Civil Service Commission, Bureau of the Budget, Treasury, or General Accounting Office. Among the matters usually covered by institutional procedures are: mail and communications; meetings and conferences; travel; internal reporting; preparation, issuance and distribution of documents; space; library service; files and records; clerical services; procurement; clearance and review; budgetary and fiscal administration; and personnel administration in all its aspects—recruitment, classification, leave and attendance, compensation and promotions, and so forth.

The range and complexity of these procedures may well be illustrated by the travel regulations. In the federal government the travel regulations prescribed for all agencies run to many thousands of words They deal in great detail with such matters as receiving authority to travel; permissible accommodations; special conveyances; use of telephone and telegraph; calculation of per diem allowance; and use of various forms, a minimum of three in any case—travel authorization form, travel request form, expense voucher form.

Working Procedures. Procedures designed to accomplish an agency's particular objectives are divisible into those publicly and those not publicly

[4] In its general meaning, "staff" includes most or all of the other functions enumerated here, see above Ch 7, 'Working Concepts of Organization sec 2, 'Line and Staff" If the meaning of "staff" is more sharply confined to thinking and plan making, related functions to control or ease operations stand out as separate entities

issued. Procedures that are issued publicly constitute a set of "ground rules" for the agency and any individual affected by the basic statute. They represent the agency's sense of the procedural requirements of the law, perhaps after judicial test, and also its conception of what is customary, fair, and expedient where the law is not explicit. In general, publicly issued procedural materials indicate the manner in which agencies may reach and apply substantive decisions; set forth the part the affected persons may take or are required to take in connection with substantive determinations; and stipulate the remedies and appeals, short of the courts, available to affected persons.

Specifically, such procedural issuances deal with consultations and conferences with interest groups; adversary proceedings; investigations; examinations; petitions; reports and records as a basis for findings; hearings; official notice; written evidence; oral argument; briefs and pleadings; depositions; subpoenas; and administrative review. They often contain forms to be filled out and utilized. Ideally, they should tell all persons affected by the basic statute "what, where, when, and how" in simple language.

Mention of "substantive" decisions or determinations requires a word of explanation. Many of the regulations, orders, and decisions issued by public agencies are primarily substantive rather than procedural. That is to say, they purport to state the intent or substance of the law as applied to a given set of facts. Such are decisions of public utility commissions or "cease and desist" orders issued by the Federal Trade Commission. Often the dividing line between substantive and procedural issuances is not at all distinct. In some, procedural and substantive provisions are actually commingled. Thus Treasury regulations under a particular tax law may contain, without formal distinction between them, procedural instructions and substantive provisions supplementing specific sections of the law.[3]

Publicly issued procedures in the nature of "ground rules" give the key to the most important category of internally issued procedures designed to achieve an agency's objectives. For each important procedural issuance

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[3] To obviate another possible source of confusion, it should be noted that "administrative procedure" is sometimes given a much narrower meaning than that given it in this discussion. A considerable number of students whose backgrounds and interests are primarily legal use the term "administrative procedure" to refer only to the procedures of regulatory agencies in applying their statutes to affected persons. This narrower usage derives from the use of the word administrative to apply only to agencies which have the power to determine, either by rule or decision, private rights and obligations. See Attorney General's Committee on Administrative Procedure, *Administrative Procedure in Government Agencies*, p. 7, Senate Doc. No. 8, 77th Cong., 1st Sess., 1941.

The limitations of this exclusively legal point of view are indicated by a statement a few pages later (p. 19): "The Committee has been impressed by the frequent reluctance of high officers, charged with serious policy making functions, to relinquish control over the most picayune phases of personnel and business management. By definition, high officers should not concern themselves with 'picayune matters.' Or might it seem to a lawyer intent upon his own specialty that all matters of personnel and management are picayune? In practice, the legal aspect of administration is important but seldom predominant."

affecting persons outside an organization, there is likely to be issued another procedural document to persons within the organization, explaining in greater detail the part that they must play in the total operation. For example, if a statement or affidavit is required of an individual affected by the enforcement of the law, it is necessary to specify the manner of handling this document within the organization—the officers or organization units responsible, time limitations for each decision or process, criteria to be applied, and methods of disposition. It should be noted, however, that the Administrative Procedure Act of 1946 has considerably extended the range of federal procedures that must be issued publicly.

The publicly issued procedural regulation and its internal counterpart may be illustrated by considering the industry advisory committees established by some agencies. The publicly issued regulation will deal with such matters as general functions and powers of the committees; eligibility for membership and appointment of members; committee officers and finances; meetings and recommendations. The internal regulation will cover such matters as purpose of committees; when to establish committees; selection of committee members; securing official approval of committees; invitations and declinations; public announcements; resignations and removals; alternates; and so forth.

Diversity of Procedures. Internally issued procedures designed to achieve an agency's objectives exhibit great diversity. For each agency they are distinctive because the agency itself is distinctive—in its organizational structure, its purposes, its location, its legal and administrative tools, its size, its clientele, its techniques, or its personnel Every organization is unique in certain ways if only because its personnel, traditions, and mode of operations are unique in their combination. Therefore procedure, as the structure of working relations between all the components of an organization, must vary with the individuality of the organization.

As diversity is the distinguishing feature of this category of administrative procedure, it is better to illustrate its manifold nature than to attempt classification. Let us consider, then, the differences between the procedures of two federal units—the Bureau of Human Nutrition and Home Economics and the Bureau of Old-Age and Survivors' Insurance

Two Illustrations. The former is one of several bureaus comprising the Agricultural Research Administration in the Department of Agriculture. Its functions are: research in foods and nutrition, textiles and clothing, housing and household equipment, and family economics; and summarization and dissemination of information in these fields. In its research work, conducted upon a project basis, it has relationships in the Washington area with the remainder of the Agricultural Research Administration, and also with the Bureau of Agricultural Economics, the Bureau of Labor Statistics, the Public Health Service, and the Bureau of Standards. In its educational program it has relationships with the Extension Service and the Office of

Education. It has no field organization, but important research work is carried on throughout the country on a basis of temporary cooperation with other interested bodies, such as land-grant colleges and privately endowed universities. Apart from its institutional procedures—which it has generally in common with the larger organization of which it is a part—the procedures of this bureau concern such matters as inauguration and approval of projects; relationships among its five functional divisions; presentation, review, and publication of research findings; and relationships with the agencies with which it cooperates in research or publicity.

The Bureau of Old-Age and Survivors' Insurance, operating under the Social Security Board in the Federal Security Agency, is responsible for the accomplishment of the old-age and survivors' insurance provisions of the Social Security Act. The extent of its operations is indicated by the fact that some 67,000,000 social-security account numbers have been assigned up to the present time. To perform its functions, a very extensive field organization is necessary The bureau operates through the board's regional offices and nearly 500 field offices administered directly by the bureau under the general supervision of the regional directors. In addition, there is a large central establishment for the maintenance of complete and detailed wage records for each insured person.

The typical procedures of this bureau concern such matters as the assigning of account numbers; investigating and developing accurate wage data when such information has been incompletely or incorrectly reported by employers; verifying and posting wage reports; accepting and adjudicating claims; making insurance payments; and so forth. The performance of these operations upon so vast a scale necessitates procedures that are not only elaborate but also meticulous in the extreme, making use of the most advanced office equipment and recording and sorting devices.

If nothing else, our discussion of types of administrative procedures will have conveyed the impression that the species of procedure are not distinct and neatly labeled.[6] Perhaps this conclusion need not cause concern, inasmuch as the science of biology is itself without an unexceptionable concept of species!

4. Creation and Criteria

Procedure-Making Compared with Policy-Making. In the broad view, administrative procedures are conceived and developed in a manner similar to that of administrative policies. This is natural since the two are intimately

[6] Unfortunately, the nomenclature of printed procedural materials is inconsistent and confusing Procedural materials are usually issued in serial form, in which case they are known as "regulations" or "orders", or in code form, in which case items are designated by volume, part, chapter, etc There is no general distinction between categories, such as "regulations," "rules," or 'orders' Each agency or jurisdiction uses the terms in accordance with its history and tastes, distinguishing between various types of regulations or orders by adjectives—for instance, different series of regulations may be designated as "administrative," "general," "divisional," and so on

related. Procedures should exist only to give effect to policies; and a wise policy decision cannot be made without thorough consideration of the procedural implications of alternatives. As in the case of policy decisions, the top executive, operating officials, staff personnel, legislative bodies, lawyers and courts, and outside interest groups all affect the formulation of an agency's procedures.

Compared with the formulation of administrative policy, however, there are significant differences in the roles played by the various participants. The top executive's role is proportionately less. His energies will be largely absorbed in activities related—if only indirectly—to the formulation of the agency's policies. Unless the procedure affects all or a substantial element of the organization, or has important policy or public-relations aspects, no extensive part is likely to be played by the executive head, except when formal clearance discloses disagreements. Similarly with line or operating officials generally. Their day-by-day business will account for most of their time and thought, and few of them will have interest in the technicalities of improved procedures—however much they may be irritated by the inadequacies of present procedures.

However, seldom will a procedural change be made without consultation with or even the coöperation and consent of the operating officials whose work the change affects. The question whether and in what cases they should be allowed to interpose vetoes to procedural changes is a fertile source of internal conflict. Operating officials often do veto procedural changes, by virtue of higher authority or by *sub rosa* methods. In any organization there is covert or perhaps open competition for position or influence, and victory and defeat in this competition are often manifested in procedural change—or lack of change.

As with the top executive and line officials, so with the legislature and interest groups—they claim a smaller share in the formation of procedures than they do in the formation of policies. Legislatures, as we saw, prescribe a considerable volume of "housekeeping" procedure. Some of the individual agency's chief procedures, too, are likely to be laid down in its main statute—for instance, that a review division shall handle certain types of cases, or that outside interests shall be consulted upon an organized basis. However, in any case there is a great bulk of procedural detail to be filled in.

Interest groups impinge upon the procedure-making process at several points. They may be consulted formally on proposed procedure or its revision; or they may exercise some informal influence, by virtue of personal relations between their members and agency officers or procedure-making personnel. Interest groups make their interest in procedure felt most effectively, however, on the relatively rare occasions when they can prevail upon the legislative body to change an agency's procedures—perhaps over the objections of the latter.

The place occupied by the lawyer in procedure-making is of great importance, particularly in regulatory agencies. Also, his role is often in dispute. Theoretically, it is advisory only, even in the preparation of procedural materials that affect the rights and duties of individuals. Not legal learning alone, but knowledge of the facts and simplicity of phrase are of the essence. Certainly, however, the lawyer has a legitimate advisory function in laying out procedures that must meet the test of "due process of law."

Procedure-Making Units. So much for the broad picture, but what of procedure-making organs, the problems they face, the methods and criteria they use? The answers to these questions must, of necessity, touch upon many important subjects. It should therefore be borne in mind that the specialized knowledge and arts of the procedural analyst are not fully encompassed in our survey. These will be dealt with in a subsequent chapter.

As to procedure-making organs, they are of various kinds and they exist under a wide variety of designations, depending upon the organization and customs of the agency of which they are a part. Generally speaking, procedure-making organs are attached in a staff capacity to the top executive or a subordinate line official, integrated with a budget office or an administrative-management division, or associated with or located in a planning organ. A procedure-making organ may operate on a government-wide basis in its administrative jurisdiction. Thus the Civil Service Commission and the Bureau of the Budget, as indicated above, perform some procedure-making functions for federal administration generally.

In addition to special procedure-making units operating at different organizational levels of authority, there is frequently, particularly in large organizations, specialization in types of procedural work. Usually the unit dealing with institutional procedures is separate from that dealing with the agency's substantive procedures Units for work simplification or standardization of procedures in such fields as personnel may be separate from either. Wherever they are located and whatever their functions, it is important that the procedure-making organs have authority equal to their tasks—and not only formal authority, but that moral authority that stems from the interest and support of top management and from adequate professional skill These last are two of the three most significant ingredients of good procedural work; the third is the interest and cooperation of the personnel affected by the procedures, particularly the line executives.

There are two major emphases in procedural work. One is upon creating new procedures, the other upon improving existing procedures. In either case, of course, a new procedure must also be tested and installed.

Art of Making Procedures. He who creates new procedures must first of all apply himself diligently to six questions: What? Why? Who? How? When? Where? Incisiveness and imagination are necessary. What does the statute say? Where the statute is not clear, what is the best interpre-

tation? What procedural clues are offered by similar organizations doing similar tasks? Can the job be done effectively with the present organization or should change be recommended? If a particular method appears efficient, can it be reconciled with stautory requirements? Is the job one that can be done best by using ten skilled or fifteen unskilled employees? Such are some of the questions for which answers must be found.

Intimate knowledge of the facts is essential, but hardly less important is "writing up" the procedure. For this, some of the art of the playwright is necessary, for good written procedures are rather like the script of a good play. The "characters" must be introduced and identified, and they should have an organic role in the production. Entrances and exits must be planned with purpose, stage directions must be given, and so forth. Procedural materials should be brief, clear, and concise. All the tricks in the writers' and printers' trades should be employed, for to learn their lines quickly the players must be induced to read them. Unfortunately, procedural manuals are frequently as dry and forbidding as the Sahara.[7]

Procedures must be installed. Even the best-written materials do not suffice of themselves. Educational campaigns must be undertaken, incentives offered, sanctions devised, methods for apprehending violators worked out, test runs made to discover "bugs," and follow-up inspections planned. All possible devices for breaking old habits and creating new ones must be used.

The job of probing and bettering procedures is in part the same as that of creating new procedures, in part different. It involves preliminary fact-finding and planning; analysis of existing procedure; development of the proposed new procedure; and testing, installing, and following up the changed procedure. Determination must be made, first of all, of areas likely to be productive of results. Such phenomena as mushroom growth of activities, inexperienced personnel, or consolidation of units within an organization indicate areas most likely to need analysis and change. Next comes reconnaissance into the existing situation, followed by "softening up," by whatever stratagems and demonstrations of shortcomings that can be employed. Then corrective action may be initiated.

Work Simplification and Procedural Standardization. There are two well-recognized types of programs in the field of procedure improvement, both of which have been speeded in their development by work of the Army Service Forces during World War II. One of these is work simplification, which has as its chief tools the work distribution chart, the process chart and the workload chart. The work distribution chart is prepared from an inventory of the work of each member of an organization unit or par-

[7] On the subject of simplifying "official English" see Flesch, Rudolph, "More About Gobbledygook," *Public Administration Review*, 1945, Vol. 5, pp. 240-244. Herbert A. Simon's "The Fine Art of Issuing Orders," *Public Management*, 1945, Vol. 27, pp. 206-208, contains much wisdom pertinent to the subject.

ticipant in a particular procedure. It shows in tabular form the activities of all employees and the time they spend on their work. The process chart or flow chart traces step-by-step "what happens" for a given procedure—what is done, who does it, time consumed, and space and time between each step. The workload chart or work count aims to answer the question of "how much." What is counted and the method of counting depend upon what is being studied. The chart's uses are in dividing, relating, and scheduling work; finding bottlenecks; stimulating competitive interests in performance; assessing personnel needs; and appraising the value of particular processes. Using these three tools of analysis and sometimes others, work simplification programs perform the function of modernizing and streamlining procedures.

Procedure standardization differs from work simplification chiefly in emphasis, though it may make use of the same tools. It seeks to discover and install the one most economical and efficient procedure for doing common or interrelated work of certain kinds. In order to merit a standardization study, an operation must be a fairly basic one, it must cut across much or all of the organization, and it must involve a reasonably large number of persons. The values of procedure standardization lie in such matters as clarifying policy intent; publicizing and generalizing all useful information that was formerly the possession of a few employees; standardizing costs and man-hour requirements; and training new personnel by the use of procedural manuals.

Problems of Procedure-Making. The central problem in procedure-making of any kind is how to combine experience in procedure *per se* with knowledge about and an adequate "feeling" for the operations which particular procedures govern. To hard-working operating officials, the "procedural analyst" may seem an uninformed busybody—he cannot possibly know as much about the operation as those-on-the-job, it's none of his business anyway, and if he really wants to be helpful—as he says he does!—let him pitch in and help with the work that's piling up. To the inquiring procedural analyst, in turn, operating officials may seem short-sighted, self-centered, narrow-minded—each interested only in his task of the moment and utterly lacking in organizational perspective. Failure to solve satisfactorily this central problem of combining diverse outlooks has two results. Either the procedure-making organ, if bolstered by formal authority, promulgates procedures that are useless and often disregarded; or no procedural changes are made except through tedious evolution or violent revolution.

Let it be admitted that the task of the procedural analyst is frequently difficult and thankless. Interest in procedures is a rather rare and precious quality, likely to mark him as suspect at the outset. Interference with established habits evokes deep and often sharp psychological reactions. The innate aversion to change is often reinforced by fear of loss of employ-

ment or of harder work if the *status quo* is disturbed. By humorous legend, the "efficiency expert" is peculiarly liable to accidents, such as falling down an elevator shaft or into an acid vat!

On the other hand, let it also be admitted that the Bright-Eyed Young Chap from upstairs is frequently a sore trial to any one who has already missed the deadline on his current assignment. Much is still to be done in "humanizing" the procedural analyst and in helping him to develop suitable protective coloration. And after all, we cannot deny the kernel of wisdom in the belief that "there is much to be said for a poor procedure if people are used to it." A change in procedure may or may not pay off over the long haul, but the immediate results, as the man-on-the-job knows, are almost certain to be temporary confusion, unhappiness, questioning, and complaint.

No simple solution exists to this central problem of procedural improvement—the proper admixture of diverse interests. Two devices for helping to solve it are, however, being used with increasing success. One is the employee-suggestion system, with rewards in honor or money to those who submit practicable suggestions for administrative improvement. "Suggestion boxes" are venerable institutions, but the potentialities of employee-suggestion systems for a number of important purposes are receiving growing recognition. The other device is the work-simplification program, discussed earlier, which depends for its success upon training supervisory personnel in the philosophy and basic methods of procedural analysis and improvement. There is nothing esoteric in such tools as the process chart. The more widespread how-to-do-it-better thinking becomes, the closer to solution will be one of the fundamental problems of administration.

Reference has been made in our discussion to "good" procedure as distinguished from poor. But what is "good" procedure? Again, no simple answer is possible. Or rather, a simple answer is possible but not very helpful: good procedure is that which is well adapted to achieve the desired ends. The trouble arises both in defining the "desired ends" and in determining whether the procedure really is well adapted to achieving them once they have been agreed upon.

The ends sought by administration are not easily stated. They are complex and intangible, and it is often difficult to determine which of them is to be served by a procedure, and in what proportions. After decision upon ends, the relative "efficiency and economy" of alternative procedures must be measured. Efficiency and economy are not readily applied criteria; they vary in their implications according to the goal in view. Much progress has been made in recent years in achieving objective standards of measurement in some fields of administrative performance. However, the tools are still relatively crude and inadequate. Thus, a new procedure saves paper and filing facilities; yet can we be sure that the operating official is not right when he says that the saving is but a straw in the balance compared to the

objectives served by more complete records? Or a new procedure establishes the optimum specialization of the functions of three clerks, as determined by work counts and time-and-motion studies; yet can we be sure that staleness and increased fatigue will not outweigh the gain within a month? Suppose that under the new arrangement the three clerks are not as "happy" as before. Is the happiness of employees a legitimate consideration in democratic administration? Even on a practical basis, are we sure the happiness won't "pay off" over the long run in loyalty and morale?

The "grammar" of procedure—its routine steps and its customary tools—is easy to learn. But knowledge of grammar is at most a first step in producing literature. And the art of procedural analysis still far transcends the science.[8]

5. How to Live Among Procedures

Law Versus Dispatch. In the stereotypes that the political cartoonist has created, the public bureaucrat is either a malignant person who spins "red tape" to accomplish his own wicked designs or a stupid person who creates red tape in the image of his stupidity.[9]

Some of the reasons why these stereotypes have found such widespread acceptance should now be clear. In the management of its internal affairs, public administration is for political reasons bound by rules designed to

[8] Some of the material dealing with procedural analysis has been prepared for agency use only, some material, though more widely circulated, is not available except in specialized libraries Generally and especially in the area of policy procedures, much remains to be done, both in exploration and publication for general use Work simplification and procedure standardization stem from and are associated with the scientific management movement They are direct descendants of Frederick Taylor's early searches for the "one best way" The literature of this field, such as the time and motion studies of the journal *Advanced Management*, should be consulted on various aspects of these subjects

See also Claser, Comstock, *Administrative Procedure A Practical Handbook for the Administrative Analyst*, especially chs 1, 5, and 11, Washington American Council on Public Affairs, 1941 Gottschalk, Col Oliver A, 'Standardization of Procedure, *Public Administration Review*, 1944, Vol 4, pp 287 297, *Raising Management's Sights on Office Organization* (pamphlet), New York American Management Association, 1944, *Work Simplification* (pamphlet), reprinted from Adjutant General's School Bulletin, June 1943 issue Excellent technical material may be found in the following *Manual for Control Officers Volume III, Work Simplification* Washington Control Division, Headquarters, Services of Supply, 1942, *Control Manual (M703-7) Simplification and Standardization of Procedures*, Washington Headquarters, Army Service Forces, 1944, *Control Manual (M703 4) Work Simplification* (Material Handling), Washington Headquarters, Army Service Forces, 1943, *Control Manual (M703 6) Standardization of Forms* Washington Headquarters, Army Service Forces, 1944 *Work Simplification, As Exemplified by the Work Simplification Program of the U S Bureau of the Budget*, Publication No 91, Chicago Public Administration Service, 1945.

A very good picture of the procedural problems and apparatus of an important agency can be gained by studying two essays, written from different points of view, about the War Production Board Levine, David D, "Administrative Control Techniques of the War Production Board," *Public Administration Review*, 1944, Vol. 4, pp 89-96, and O'Brian, John Lord and Fleischmann, Manly, 'The War Production Board Administrative Policies and Procedures," *George Washington Law Review*, 1944, Vol 13, pp 1-60

[9] *Cf* also above Ch 3, 'Bureaucracy—Fact and Fiction

guarantee complete honesty and accountability,[10] not solely efficiency and economy as these qualities are understood in private affairs. In its regulatory activities, public administration is governed by legal rules and institutions evolved over a long period of time to guarantee the rights of the citizen against unwarranted governmental interference Certainly we cannot expect particular speed and dispatch of public administration when it is subject to a body of law designed to prevent too great speed and dispatch. Perhaps speed and dispatch need more emphasis as against guarantees of rights. Or perhaps under modern conditions rights can be better guaranteed with more speed and dispatch in the public's affairs. But let the issues be clear.

Deficient Procedures. It must be conceded, of course, that some administrative procedures fall far short of legitimate aspirations. Such instances usually occur because a procedure, once satisfactory, no longer fits the facts. Procedures are habits, and habits notoriously persist into senility after the rational faculties have been blunted. It is seldom, however, that public procedures reflect mere personal ends; the preventive checks are too certain. The contrary belief stems rather from the prior and more fundamental matter of disagreement with an agency's objectives.

Assessing Red Tape One whose blood-pressure rises dangerously upon encountering "red tape" in public administration can with therapeutic benefits pursue several lines of thought He can reflect upon the wisdom of General Marshall's dictum that "if you cut red tape you must be damn sure of what you are doing" After all, one man's red tape is another man's system Only when all the facts are known can condemnation be fairly entered and a change be recommended that is likely to be beneficial. Rarely does an isolated encounter with a personally irritating procedure yield the knowledge necessary for a just condemnation Or he can reflect that red tape constitutes a protection against precipitate and arbitrary official action to his detriment, and that this must be weighed against any possible annoyance in dealing with government Or he may elect to act upon the half-truth that red tape, like caries or cancer, is an affliction of civilization, and Thoreau-like retreat to his own Walden Pond

Those inside the organization will also find these remedies generally applicable for their own irritations. Indeed, irritation with an agency's red tape is a chronic and often acute complaint of public employees. Of course, it is usually the other fellow's red tape that is at fault; and since he is a member of the same staff he can be hated with the special fierceness that characterizes fratricidal strife. What is more important, the government employee should recognize that he is in no event bound to be a mere pawn in the game. No matter how lowly his status, he has both a right and an obligation to seek to improve procedures.

[10] *Cf* below Part IV, "Responsibility and Accountability"

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CHAPTER

18

The Tasks of Middle Management

1. The Dual Function of Middle Management

Importance of Intermediate Points of Control. In order to bring executive direction to bear upon the general flow of operations in which the end product of public service takes its shape, administrative agencies—like all large-scale enterprise—resort to hierarchical organization.[1] The essential function of hierarchy is to provide an integrated scheme of intermediate control points for the attainment of efficiency, consistency, and continuity of cooperative effort. In linking these control points in descending order, from the head of the organization to progressively lower subordinates down to the first-line supervisor, we arrive at a "chain of command."

Too often we speak of hierarchy as if it were a physical structure separate from the human element. Actually it is more in the nature of a texture of relationships—each member of the hierarchy responding to his superior and in turn influencing his subordinates, with countless variables of relationship entering into the picture.[2] Nor must it be assumed that hierarchy is principally a device for superimposing top determinations upon the whole organization. Hierarchy does engender a desirable centripetal pull, preventing the cooperative undertaking from falling apart. However, the chief test of its effectiveness lies in appropriate devolution of responsibility so as to allow the organization to work under its own "steam." To the same degree that hierarchy reinforces accountability and responsiveness toward the top, it should also relieve those at the top of unnecessary burdens. This can be done only by adequate delegation of authority. Devolution of responsibility without commensurate delegation of authority is an empty gesture, bound to lead nowhere.

Small-scale organization has only two vulnerable areas—the character of its leadership and the productivity of its immediate operators. In large-

[1] See above Ch 7, "Working Concepts of Organization," sec 3, "Quest of Organizational Unity"

[2] See above Ch 13, "Informal Organization."

scale organization, the number of vulnerable areas is much greater because of the multitude of intermediate control points between top management and the rank and file of employees. It is therefore hardly an exaggeration to say that one of the most critical sectors of management in large-scale organizations lies in the intermediate ranges of command. The whole concept of "channels of command" underscores the importance of those points of internal control and direction which are lodged between the responsible head of the organization and his working force at the base of operations. The total distribution of these intermediate points of control and direction indicates the field of middle management.

Middle Management—Stepchild of Administrative Research. Considering the significance of middle management for the success of any large-scale organization, it is surprising to notice how little emphasis it has found in the literature on administration, both public and private. A good deal of attention has been devoted to the functions of the chief executive[3] and to his staff facilities.[4] Much the same is true of administrative leadership on the departmental level.[5] In large measure the explanation for the relative failure to deal more explicitly with the particular problems surrounding middle management must be sought in two historic factors.

In the first place, the movement toward administrative reform since early in the century logically saw its main goal in the institutional invigoration of the chief executive. In stressing his responsibility for the entire executive branch, the reform movement chose the most promising lever for achieving better management throughout the administrative structure. Beginning with the novel concept of a budget office attached to the chief executive, his "arms of management" were consciously designed to make responsible direction truly effective. Because of the traditional intransigence of the line departments, the new establishments with government-wide concerns were generally entrusted with extensive control functions—quite in harmony with the precedent of civil service commissions.

Exercise of such technical controls called for personnel of professional competence to carry out specialized assignments. As a consequence, the particular knowledge and training required to build and sustain staff or auxiliary services have been in the forefront of academic and practical interest, deflecting consideration from the no less important needs of middle management. Judging only by the dominant currents running through the great bulk of administrative research and writings, we might easily be led to the inference that middle managers are a mentally inert mass, stung into action solely by the indefatigable prodding of shock brigades of special-

[3] See above Ch. 8, "The Chief Executive."

[4] See above Ch. 7, "Working Concepts of Organization," sec. 2, "Line and Staff"; Ch. 8, "The Chief Executive," sec. 5, "Arms of Modern Management"; Ch. 9, "The Departmental System," sec. 2, "Interdepartmental Coordination."

[5] See above Ch. 9, "The Departmental System," sec. 3, "The Secretary's Business."

ists descending upon them from the higher realm of knowledge—administrative planning, budgeting, organization and methods analysis, and personnel work.

The second historic factor that has contributed to the relative neglect of middle management is related to the first. It is the lack of homogeneity and cohesiveness of middle management as an occupational grouping. Most of the staff and auxiliary services have developed into fairly well-defined careers, each distinguished by marked characteristics A training specialist, for instance, is readily identified by his specialization There is no such distinct career in middle management Broadly speaking, middle managers are the natural offspring of a vast variety of functions and subfunctions proliferating all over the administrative scene These functions and subfunctions, not the essence of middle management itself, are the areas of their specialized competence Ordinarily they are middle managers not because they have displayed specific managerial talent as such, but because they have shown ability in the context of a particular function or subfunction administered by their agency

Recognition of a Higher Line Career. In 1941, the President's Committee on Civil Service Improvement, under the chairmanship of Justice Reed, pointed out that middle management, though identified as such through the common character of its responsibilities, had no standing as a specific category within the federal service for purposes of systematic training and selection Focusing especially on the higher middle and top grades of the classified service, the committee observed that these officials "perform the most difficult and responsible office work along specialized lines requiring extended training and experience"[6] As the committee put it,[7] those occupying such advanced permanent positions

> . . . perform the function of overhead management, direction, and supervision in every branch of the Federal Government This is the principal duty of bureau chiefs and assistant bureau chiefs, of directors of divisions and assistant directors, of heads of institutions, of the executive officers of commissions and their associates, and of a growing number of administrative assistants and assistants to executives in high position It is also one of the duties of the President and heads of departments and agencies, secretaries, commissioners, administrators and others, but these high officials have policy-determining duties and political responsibilities as well, which are absent from the permanent branch of administration In its elementary forms the same function may be said to reach down to the first line supervisors who must plan, direct, and coordinate the work of the rank and file

While the Reed Committee did not differentiate sharply between staff and line positions, dealing rather with the more advanced classified grades

[6] President's Committee on Civil Service Improvement, *Report*, p 56, House Doc No 118, 77th Cong , 1st Sess , Washington, 1941

[7] *Ibid*

in general, it necessarily included in its inquiry the main body of middle managers. The committee felt that better awareness of the distinctive requirements of these grades, especially from the point of view of selection and preparation, would yield measurable profit. Summarizing its recommendations, it stated:[8]

> In general terms, we think it would be helpful if the positions involving administrative duties were identified and carefully described in each department and agency, and if each department and agency made and kept current a list or inventory of persons who had demonstrated that they possessed administrative skill, with the personal and official history, present classification and other relevant data We also believe that the continuous search for good prospective material for administration should be more definitely recognized in some departments and agencies as a joint responsibility of supervisors and personnel officers Finally, we think that the machinery is now for the first time available to permit a desirable extension of the program of training and testing which is already in operation in most departments

No doubt a more methodical approach would go far toward promoting the characteristic qualifications called for in administrative work, especially that of middle management This is not merely a matter of enhanced competence. It also carries over into the general orientation and the operational outlook of middle managers Hence the Reed Committee quite properly concerned itself with the broader question of occupational attitudes. What it had to say on this point could hardly occasion surprise In its own language:[9]

> Government departments and agencies, their divisions and their sub divisions, suffer from an insularity which hampers their effective coordination as parts of a single whole Indifference, jealously, competition, and sometimes even sabotage develop in the effort of each small unit to protect itself and its staff There is too little recognition of a common responsibility to a common and single employer, the American people as represented by the Congress and the President.

Such insularity is in part the result of both the size and the functionalization of large-scale organization. Tied to a particular subdivision in a complex structure of vast dimensions, the middle manager is apt to identify himself with the more tangible realities and objectives of his subdivision. In part, however, his insular point of view derives from the fact that under existing conditions he has difficulty in seeing himself as part of a profession different from the particular function within which he rose Lack of a uniting bond among the exponents of middle management keeps him enslaved to the individual function in which he has his roots Recognition of middle management in terms of a career grouping would tend to draw its mentality from the particular to the general, away from the specialized

[8] *Ibid*, p 57 See also above Ch 2, "The Study of Public Administration," sec 3, "Training for Public Administration

[9] *Ibid*, p 61

functional activities from which it springs. Career integration would deepen the middle manager's consciousness of his general role, especially if reinforced by a government-wide scheme of interfunctional and interdepartmental transfers within the entire administrative group. He thus would gain wider vision and greater capacity for coordinative adjustments.

For this reason, it may be doubted whether the Reed Committee's reluctance to propose a consolidated higher administrative service was really in line with the general run of its own recommendations. A higher administrative career marked out as such would at the same time furnish much-needed opportunities for a freer interchange of personnel between staff and line positions. It may still be the most effective device for bridging the gulf between these two elements—a gulf that interferes seriously with the intimacy of give-and-take that is required for sound staff-line relationships.

Middle Management and Top Direction. Good staff work implies not only mastery of pertinent fields of knowledge but also a high degree of sensitivity to the needs of the top executive and to the problems that are on the minds of line officials. In much the same way, effective middle management, aside from intellectual command of the functional specialization in which it operates, requires receptivity to higher executive direction as well as capacity for team leadership The outstanding factor about top level direction is that it must encompass the organization as a whole and deal with each issue in terms of the whole. As the principal support of top-level direction, middle management therefore has to show itself able to infuse the generality of organization-wide purposes into its individual operations On this score it can succeed only insofar as it captures in its own thinking the broad-range ends of the organization at large Conversely, it is bound to fail in exact proportion to the insularity of its outlook.

If the middle manager proves incapable of reenacting in his own province the generality of organizational ends, of relating his day-by-day actions to the total administrative process, he in effect defaults on his basic duty More mindful of his immediate sphere, he becomes a counterinfluence to higher executive direction rather than its elongation. For all practical purposes he partially checkmates top management, denying it full scope over the organization and making himself a virtual vassal who grants or withholds his support as convenience, expediency, or special inducements might indicate. Under such conditions the middle manager is not far from arrogating to himself all management in his orbit, defying, obstructing, or yielding to demands from above only as he sees fit, however well he may choose to disguise his actual autonomy. This may be deliberate in certain instances, especially when a middle manager is at odds with the higher powers and is also protected by a more or less concealed alliance with political or economic groups outside the organization.[10] As a rule he succumbs to

[10] See above Ch 13, 'Informal Organization,' sec 2, 'Elements of Informal Organization'

such autonomistic tendencies unconsciously. Top management is far away. It is referred to not as "we" but as "they"—"we" do things our own way; "they" come in to tell us, though having not the faintest idea of "our" troubles and "our" business.

The strength of middle management rests in the fact that it thoroughly knows its own "shop." This knowledge is the middle manager's stock-in-trade and his legitimate pride. Staff specialists are likely to be glared at with particular fierceness when they are tactless enough to demonstrate that through their own analysis they have come to know the "shop" as well, if not better. Operators naturally do not take too well to the idea that any one might know as much about operations as they do. However, the virtue of the middle manager's intimate familiarity with his own segment of the organization has its corresponding vice. The vice of the virtue lies in a proportionately dimmer perception of what the organization is trying to accomplish as a whole. Such dimmed perception inevitably affects the role of middle management as an elongation of the executive function.

However urgent and continuous its attention to the progress of operations, middle management must find as much time as it can to face upward. As an informed student of administration has expressed it, "the drag of inadequacy is always downward. The need in administration is always for the reverse for a secretary to project his thinking to the governmental level, for a bureau chief to try to see the problems of the department, for the division chief to comprehend the work of the entire bureau."[11] No doubt one of the most pressing needs in administration is that for increasingly more comprehensive consideration as matters move upward from the bottom to the top. However, such progressive generalization in the presentation of each individual subject that calls for higher action does not come forth of its own. Top management, expecting support from the middle manager, must extend its hand to him, so to speak. It must actively seek to convey to him a sense of organization-wide objectives. Effective communication of top-level policy is one method of achieving this end. Another is untiring demonstration of the interest that top management has in the way operations are going.

The institutional communication system is therefore a matter of crucial significance for the entire conduct of middle management.[12] A top management that wraps itself in silence resembles a head after decapitation. Top-level action by itself is an entirely insufficient agent of communication. In the first place, such action is by no means always conspicuous throughout the organization. In many instances the determination and adjustment of policy in the highest councils of the organization aim at longer-range

[11] Appleby, Paul H., *Big Democracy*, p. 45, New York: Knopf, 1945. See also above Ch. 9, "The Departmental System," sec. 4, "The Bureau Pattern."

[12] See also above Ch. 16, "The Formulation of Administrative Policy," sec. I, "Policy Formation and Policy Sanction."

effects rather than immediately visible changes. The large body of personnel in the organization may live through many a day before the first concrete ripples of the change come down to it. Secondly, the bare policy pronouncement and the letter of administrative orders and instructions are too frugal a diet to nurture full understanding of institutional goals. For their own purposes, middle managers need to know the motivations, intentions, and reasons that go into directives handed down to them.

Without being adequately posted on the course steered by top management, middle managers are likely to lose themselves in the particular transactions for which they are responsible. In the absence of an elucidation of general ends, smaller problems assert themselves—magnified to the point of distortion. The result is functional isolation and separatism—the occupational diseases of large-scale enterprise. At the same time, ignorance of top-level objectives encourages middle managers to allow matters that with better knowledge could be settled by them on the spot to pass on to the higher superior, causing dangerous congestion in the upper ranges of the organization. This inclination in turn decreases the middle manager's opportunity for creative self-application. It is thus clear that inadequate downward communication in large part cancels out the fundamental contribution which middle management is designed to make in giving positive effect to top direction.

Middle Management and Control of Operations. At the base of administrative operations, the total managerial effort concentrates itself in the first-line supervisor. In a sense, he is the lowest extension of middle management in the hierarchical structure. Working with his small crew of usually no more than ten employees, he functions very much like the foreman in industry—organizing his team, maintaining the pace of work, securing the necessary quality of output, developing the skill of those working for him, showing them how to do their job and how to do it better. If we think of middle management as the integrated scheme of intermediate control points between the top and the bottom of the organization, we may regard the first-line supervisor as being outside the range of middle management. Supervision on his level will be treated more specifically in another chapter.[13] However, in a more general sense supervision runs through the entire organization, each superior supervising his immediate subordinates.

By and large, supervision becomes more direct as we proceed downward in the hierarchy. At the top, it tends to be rather general, in part because of the plausible assumption of higher competence for independent work in the upper reaches of administrative responsibility, in part because the nature of directive activity—predominant on these levels—renders specific surveillance unfeasible and ineffectual. Here the record of achievement or failure must be extensively relied upon as a substitute for the eyes of the

[13] See below Ch. 19, "The Art of Supervision."

supervisor. In the lower strata of the organization, supervision is apt to be closer as it increasingly relates to more repetitive and less complex transactions. The burdens of direct supervision—typical of middle management in general—therefore increase from level to level as the distance to the base of operations grows shorter.

Control of operations, even under exceptionally favorable circumstances, is never a purely mechanical process. Human beings do not function like machines. Attainment of a reasonably standardized group product hence requires considerable leeway in direction. A great number of factors enter into any kind of organized group action. Only when the middle manager is placed in a position to influence these factors without undue restraint can he be expected to live up to his task. It follows that appropriate delegation of authority is a basic condition to successful guidance of operations.

Most middle managers feel that the scope of their authority is inadequate to their responsibility. How much justification there is for these complaints we shall examine in a subsequent section. Here it may suffice to observe that nowhere is the urge to "be left alone" as great as in the line cadres. This is not surprising. Face to face with the task to "get the job done," under continuous pressure from above for speed and action, and hungry for the emotional thrill of "getting results," the middle manager is prone to wish for more power to his elbow. His eyes focus only on a defined sector of operations, only on part of the organization. But within that sector he is supreme, or has reason to think of himself as supreme. And he longs for the totality of authority that would make him fully master.

However small, this is his world. To him, it is a complete world, just as complete in itself as the job to be done. Here he is the boss; it is he who is answerable for the state of business in his sector; it is he who earns the credit for accomplishment. The head of his agency and the galaxy of staff people higher up may fancy themselves to throne above the whole organization and deal with it in its entirety. However, only the line operator "hears the thing tick." Only he sees the concrete product of operations. Only he has the satisfaction of visibly carrying his forces forward—through his leadership, his grasp of the situation, and what he personally is able to do about the situation. Looking for drama in administration? You find it most easily in the line.

A lot has been said about managerial "know how" of late. "Know how"—as contrasted with the theoretical exposition of the executive function or an understanding of the techniques of administrative analysis, budgeting, and personnel administration—is for the most part the property of middle management. "Know how" arises principally from trying—shrewd experimentation, ingenious improvisation, swift adjustment, and that kind of resilient initiative which is always willing to try all over again. Much of the glory of "know how" is the middle manager's. He is the one who performs the feat of bringing together the manpower and the tools

allowed him by his budget so that tangible values of public service come forth. He consolidates the human relationships into purposeful and productive effort. He also feels the first repercussions of lowered morale, and is the first called into the breach to furnish personal inspiration in order to raise the spirit of his force.

Control of operations extends all the way from the planning stage to the completion point. It entails the programming of activities to meet specified goals; the scheduling of step sequences in order to relate the deployment of personnel to the time factor; the spelling-out of particular assignments; the definition of standards of performance; the establishment of recording and reporting requirements; the designation of the most appropriate methods and techniques; the determination of the most expeditious flow of work; the identification of the mechanics used for checking progress and quality; and the review of the end product. Usually all of these elements blend into one another. Yet each has its part to play in middle management, and each may require much thought and great care, especially when novel functions or undertakings are involved for which past experience does not provide a dependable guide. In such instances, the resourcefulness of line officials will often be put to an exacting test.

In its control of operations, middle management—to use a military simile—is in the main concerned with the tactics of administration, leaving the final decisions of a strategic character to the top level of the organization The middle manager's tactical responsibilities compel him to face downward, toward the detailed transactions at the base of the hierarchical structure. At the same time, as we have noted earlier, he must view himself as the internal agent of top management, as a manifestation of the executive function. This makes it necessary for him simultaneously to look for the signals from above In a very real sense, therefore, his attention is persistently drawn in two opposite directions As there are pressures on him from the top, so there are pressures from the bottom. The impact of these opposite pressures would tax any man's equanimity It is thus not startling that middle managers frequently give the impression of being either hardboiled or militantly defensive. They can hardly help it. Theirs is a tough job that favors toughness of fiber.

2. Supporting Top Direction

Effectiveness of Downward Communication. In order to achieve a secure alignment with middle management, top direction must "explain itself" as fully as it can. As has already been suggested, this puts in bold relief the need for effective downward communication. Communication has two separable though interrelated aspects—content and form. The former reaches into such matters as volume and frequency. The latter includes the entire process of communication.

On the aspect of content, it would be trite indeed to demand clarity and conciseness. The trouble is that unprecise, cryptic, or fragmentary communication of top-level objectives and policies in many cases is not simply the result of casualness, inattention, or sloppy phrasing. The head of an agency and his intimate associates may be quite clear about particular ends and yet hesitate greatly to make these ends a subject of organization-wide pronouncement. The matter may be delicate; it may imply an admission of partial failure; it may require the equivalent of talking "among ourselves" in the family circle.

Large-scale organization meets peculiar limitations on this score. Its size increases the chance of unwelcome leakages. With so many people involved in the echelons of middle management alone—quite aside from the still larger body of first-line supervisors—can the executive be sure of confidential treatment? Can he safely assume a sufficient degree of loyalty everywhere? Is it at least possible to take for granted sympathetic appreciation of the difficulties he confronts in striving for sensible solutions, especially when these must reflect a high degree of generality?

Here, then, is one of the fundamental reasons why downward communication so often seems to withhold as much as it conveys. It throws a sharp light on the importance of widespread personal identification with the aims of the organization No agency can think or talk within its "four walls" when its personnel lacks what is perhaps best termed "sense of institution." This is not to minimize the stimulating effect of constructive argument over differences of opinion.[14] However, only high *esprit de corps* can provide the general climate of institutional loyalty that would permit creative disagreement within the frame of common allegiance.[15]

To that extent, communication is predetermined in its character by a firmly implanted service ideology—an area thus far largely unexplored despite its pivotal significance. What little discussion of service ideology has taken place points for the most part to the possibility of self-protective solidarities—the perils of "bureaucracy." In all large scale enterprise, the first requirement is to raise the individual's mind from his personal predilections and ambitions to the plane of self-identification with the cooperative effort. It is a secondary proposition to guard him against becoming a mindless serf of his organizatiton.

Downward communication may be a meager trickle from sheer timidity; if it is, the fault usually lies in limp leadership at the top—leadership that fails to arouse enthusiasm and devotion in both the officialdom and the working force at large. Yet downward communication may also suffer from

[14] For the special problems that under auspices of interest representation affect the desirable administrative "freedom of thought,' see above Ch 14, 'Interest Groups in Administration," sec. 3, "Staffing for Point of View "

[15] On this question, see also above Ch. 13, "Informal Organization," sec 2, "Elements of Informal Organization "

an entirely different ill—namely, torrential abundance. This is also often a repercussion of weak top leadership. The policy announcement is followed by an interminable series of policy clarifications Or the administrative order carries in its wake a whole string of implementing instructions, one more detailed than the other. The essential economy of communication is between these two extremes. But is there enough concentration on attaining such economy? Most middle managers consider themselves victims of either too little or too much. They may not always be the best judges of the "golden mean," but all too often they can make a good case to demonstrate that they are "left high and dry" or altogether "snowed under."

Despite some technical advances such as the introduction of teletype equipment, communication as an art has remained amazingly antiquated. All one can say is that we are doing about as well as Roman administrators did, except that departmental officers and provincial governors in the days of the Empire were not bothered with the obnoxious effects of the typewriter and modern multicopying devices For ordinary uses, the "memo" reigns supreme, and usually in triplicate Few have stopped to ponder the incredible investment of time that goes into the manufacture and the consumption of administrative communications.

High-grade staff people processing the raw materials for official "issuances," lawyers scanning "rough copies" with the eagle eye characteristic of their craft, draftsmen adding their flourishes, busy line executives adorning the margin with their "queries," and solemn men bickering at the conference table over commas and periods—all of this is part of the tortuous gestation. Then the ditto machines start humming, and the cloudburst comes down "Did you read the latest one on paper salvage?" "Heavens, no! My girl just puts it into the file."

A wide field exists to the imaginative communication-engineer to devise ways of cutting down the volume of waste motion. Use of short forms is one approach, but it is more fascinating to think of substituting for the rolling paragraph such things as flash signals or color patterns or shorthand symbols or pictorial strips Short of this, there is the possibility of aiding the consumer by getting down closer to basic English.[16] Establishment of agency-wide issuance control, though adding a new unit, has paid its way because of both its braking effect and the great convenience of locating quickly particular kinds of communications identified by series—directives, orders, instructions, informational bulletins.

This is clear, however The mass of written communications now traditional in large-scale enterprise eats up too many office hours at the receiving end as well as at the point of origin Moreover, in the very embarrassment of riches, most systems of administrative communication fail to provide an

[16] Mention should be made particularly of the vigorous campaign for increased readability of written communications carried forward by the Social Security Board See also above Ch 17, Government by Procedure, sec 4, Creation and Criteria "

even coverage of significant information. Priorities are ill-defined, and the trivial tends to drown the essential. With "all the stuff that comes down," the middle manager may still know very little about executive thinking at the top. And though he tries to keep abreast of developments, he may fall into the defensive habit of reading only when he "has the time for it." Judging by what evidence we have,[17] top-level issuances ordinarily enter the mind of an organization only slowly, and by no means uniformly.

Two-Way Traffic of Thought. Fortunately, downward communication to enable middle management to operate as the elongation of top-level direction is today seldom strictly a one-way affair. Effective communication enunciates thought, and institutional thought travels increasingly on two-way avenues. Downward communication reaches the ear of the middle manager most clearly when its substance relates to his own thinking—when he finds his own ideas mirrored in it. Expressed in terms of a general rule, we may say that communication of policy gains in effectiveness in rough proportion to the scope of active participation of middle management in the policy-making process.

To a certain extent, of course, the middle manager is always a policy-maker. Not only does he take part in policy formulation by translating strategy into tactics, by tracing out top determinations into line activities, by framing operating policies under his own responsibility. He is also a policy-maker indirectly—by implicit or explicit reference, in his reporting function, to existing weaknesses in the administrative approach, inadequacies in current policies, and emerging problems and issues that warrant top-level consideration.[18] However, in these respects his role in policy formulation is intermittent and incidental. For best results, his participation in the policy-making process should be continuous and take form in an organized manner.

There are many different ways for achieving continuous participation in an organized fashion, and most of them admit of application even below the intermediate stratum of middle management.[19] More important than individual devices such as the staff meeting,[20] is the habit of up-and-down and across-the-board consultation[21] that only top management is in a posi-

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[17] For some valuable insights based on specific inquiry into the percentage-wise distribution of knowledge about policy pronouncements, administrative orders, and instructions, see Corson, John J., "Weak Links in the Chain of Command," *Public Opinion Quarterly*, 1945, Vol. 9, p. 346 *ff.*

[18] For a discussion of the dynamics of administrative policy making, see above, Ch. 16, The Formulation of Administrative Policy, sec. 4, External Influences in Administrative Policy.

[19] See below, Ch. 19, "The Art of Supervision," sec. 4, "Supervision and Employee Initiative", Ch. 24, "Personal Standards," sec. 6, Employee Relations.

[20] For a discussion of the staff meeting as a device of organizing administrative analysis, see below, Ch. 20, "Administrative Self-Improvement," sec. 2, Organization for Administrative Analysis."

[21] *Cf.* Morstein Marx, Fritz, "Bureaucracy and Consultation," *Review of Politics*, 1939, Vol. 1, p. 84 *ff.*

tion to instill in all parts of the organization A feeble or small-minded top management, offended by any "criticism" from within, is obviously unable to foster such habits of consultation, however much lip service it may pay the abstract principle of common thought. Helpful suggestions and new ideas will not come forth when they fail to find eager takers Yet, though the habit of sharing policy-thinking should be accorded first place, particular arrangements commend themselves for their habit-forming effects.

In the operation of a departmental bureau, for instance, it will be profitable—as experience has demonstrated[22]—for the bureau chief to meet every day for a brief conference with his assistant chiefs; assemble once a week a somewhat wider circle of key officers; spend at least an hour twice a month with all his division, branch, and unit chiefs and their right-hand men in order to focus attention on matters of common significance; and get together once a year with all his field office managers, and more often with smaller groups of them, perhaps region by region, and with the regional directors as well[23] This would not dispose of the customary media of circulating information—bureau bulletins, periodic program and activity surveys, weekly field letters Needless to say, observing the proprieties of a conference schedule is one thing, but knowing how to make a go of it is still something different A sour-looking chairman who brightens up only when he can tightly hold on to his own monologue would wreck any kind of staff meeting in no time

It is probably true that the total intellectual resources available within the structure of large scale enterprise are today still far from being fully utilized. The effect is exactly like making a high-priced engineer count building permits He gets disgusted and indifferent to the interests of his employer; and the employer wastes four-fifths of the engineer's salary because counting building permits, if it has to be done at all, could be done by the lowest-paid employee Strangely, the loss in both efficiency and economy that results from leaving untapped much of the latent ability in an organization is frequently caused deliberately Too many top executives have remained enslaved to the obsolete notion that wide internal participation in policy thinking undermines their "authority." It is time for them to see that they are wrong.

If evidence from money-making private business be preferred, they would find it in the record of "multiple management"—a catch phrase made famous by Baltimore's business minded Charles P. McCormick[24] In his company—largest wholesale spice dealers in the United States—McCormick provided for three elective employee bodies: a junior board of direc-

[22] *Cf* Corson, John J, 'The Role of Communication in the Process of Administration," *Public Administration Review*, 1944, Vol 4, p 7 *ff*

[23] *Cf* also above Ch 12, 'Field Organization,' sec 3, "Field Headquarters Relations"

[24] See his *Multiple Management*, New York Harper, 1938

tors, a factory board, and a sales and advertising board. The prime function of these three organs is to feed ideas into the senior board of stockholders Multiple management has done so well that some 500 firms have followed suit, including Eric Johnston's three Spokane companies. Its success is testimony to a generally sound conception.

Taking Orders Middle management is in the "chain of command"—in fact it represents most of the length of this chain. Looking downward, the middle manager exercises his formal authority in large measure by giving orders. Simultaneously, however, he is subject to the formal authority of his superiors. If the familiar adage about learning to obey in order to learn to command settled everything, the middle manager, usually serving his way up, would be an ideal commander. And the ideal commander would also excel at taking orders.

Taking orders is in many ways merely the reverse of self-identification with institutional purposes and objectives. When such self-identification is complete or nearly complete, the order from higher authority is essentially an affirmative gesture, a signal to go ahead, more of a timing device than an indication of aims or direction. No one would see a problem in taking an order when the order for all practical purposes is his own, or—because of prior consultation—at least in part his own.

It is a rather different proposition, and one causing varying degrees of strain, to execute orders that cannot readily be accommodated even within a reasonably flexible frame of institutional allegiance. When top management is overbearing and yet has little standing with the organization; or has embarked upon a new and dubious course without attempting to take the middle managers into its confidence; or appears to subordinate acknowledged long-range objectives to opportunistic maneuvering—in such circumstances compliance with orders may hurt.

This kind of emotional conflict illuminates again the narrow foundation on which formal authority rests.[25] No order executes itself. It moves down the chain of command only so far as its motion is sustained by the impetus furnished on each level of subleadership. To be sure, compliance is bolstered up by discipline and by machinery for the enforcement of discipline.[26] But disciplinary machinery is a far cry from joyful zest of individual self-exertion.

In the face of disciplinary threats, all one needs to do is turn on a show of compliance. "Getting by" is enough not to "get caught." Or one may "lie low," inching ahead reluctantly only when prodded. Or one may flatly refuse to budge, though always duly covered. Bureaucratic sabotage is by no means confined to public administration; it occurs to the same extent in private management. Orders can be "misunderstood." Excuses can be

[25] See above Ch 13, 'Informal Organization," sec 2, 'Elements of Informal Organization."

[26] See below Ch 21, "Morale and Discipline"

found to explain sluggishness. "Buck-passing" can be practiced with considerable refinement. Conceding that there are practical limits to passive resistance, we are once more reminded of the all-pervading influence of restraints that only a living service-ideology can impose. Once more we recognize that faithful execution of orders in the last analysis springs from common agreement on institutional ends.

At the same time, ability to take orders does not imply blind subservience. The middle manager for whom "orders are orders" always, may get his organization into serious trouble when he fails to speak up on obstacles which only he can spot from the vantage point of his line experience. He simply does not do his job if he dispenses with his personal judgment. Orders may indeed be susceptible of misunderstanding. They may overshoot the mark. They may be overtaken by rapidly changing conditions. Then it is plainly in the interest of the whole organization immediately to check back with the supreme command

On the other hand, everything would soon stall if middle management made it a general practice to attempt a virtual verification of each order by appealing to the next higher level for elaboration Here, too, and in the interpretation of orders for the lower levels, alert judgment is prerequisite. It will err rarely when the broad picture of administrative strategy and the "way we operate" are clearly understood by all concerned[27]

Tribulations of the Operator In the conduct of line business, the middle manager carries a responsibility that is well-nigh all-inclusive. He has to "get the work out," and all of it—and fast Yet, especially in the realm of public administration, his hands are tied in many ways, though in each instance in the name of good management.

He does not freely pick his subordinates; they are handed him through certification from an eligibility register by the central personnel agency, and his actual choice is generally limited by the "rule of three" He is not allowed to grade them up or down; that is a matter of a ceremonious rigmarole known as reclassification, and in this rigmarole his own judgment may be the least important factor. He is, of course, unable simply to tell them never again to come before his eyes; he must state a "cause" in writing, and the matter may not rest at that, for it is not unusual among governmental jurisdictions to allow a dismissed employee to carry his case before the civil service commission.[28] These restrictions are not devoid of reasons that no one would want to brush aside lightly[29] They are nonetheless very real impairments of the middle manager's freedom of operational option.

If we turn to government-wide regulations on budgeting, auditing, ac-

[27] Ability to take orders has been treated as the first requirement of effective middle management by Frederick J George, "How To Be a Good Junior Executive," *Canadian Business*, 1941, Vol 14, p 88 *ff*

[28] This is not generally true of the federal government

[29] For a fuller discussion of public personnel administration in the context of administrative responsibility, see below Ch 24, Personnel Standards

counting, procurement, and a host of housekeeping functions, the topography of management grows increasingly befuddling Like poison ivy climbing all over the thicket, the prohibitions seem to outdo the incentives. In the end, the middle manager's perspective may become badly distorted. He may feel that a serious backlog in substantive business may not be as troublesome as an infraction of general housekeeping procedures. If he falls behind in his operations, he may find charitable judges among his superiors; if he gets "fouled up" on government-wide prescriptions about the handling of vouchers, for instance, a central agency may start snarling at his department

A pretty persuasive case can be made for the contention that American public administration has become top-heavy with central controls. Certainly this is a question to which careful research might be devoted with great benefit. Meanwhile, the line operator has to "sweat it out." We need little imagination to visualize the many instances in which he feels arrested in the application of straight commonsense by hard and fast rules that to him have no rhyme or reason whatsoever.

Thinking in Larger Terms. Self-identification with institutional purposes, as we observed earlier, is a condition vital to productive middle management. But, as with all good things, there can be too much of it. Excesses may present themselves on different scales The most common type of excess arises from the immediacy of the operator's concern with the particular province of his responsibility. His bureau, division, section, or unit, being the foundation of his status within the organization, insidiously expands its claim on his mind. Eventually he comes to look upon himself as the living personification of this one link in the chain of the cooperative process. He "lives for his work" to the exclusion of outside considerations, even though he knows that theoretically its worth could not be assessed without regard for the organization as a whole.

This attitude accounts for the peculiar tendency on the part of the average line official toward functional self-aggrandizement, however innocent and unconscious. He seeks expansion—bigger and better programs, bigger and better appropriations, bigger and better staffs—not just for the exhilaration of sheer magnitude, but because to him his segment of the total effort is the most important one, the hub of the entire enterprise. Top management, the budget officer, and the personnel director are all "off the beam" when they fail to see it that way Or perhaps they are even jealous and want to hold him down So he thinks he has to play his cards astutely and never put them on the table face up.

In contrast with the tug-of-war between the particular and the general within the agency, excessive self-identification with institutional purposes also occurs on a department-wide scale. When it is instinctively assumed, for example, that the department is always right, its officialdom may be distinguished by high morale and great *élan,* but to the same extent the depart-

ment is severely handicapped for open-minded interdepartmental coöperation. In the modern service state,[30] governmental functions intermesh and intermingle. Few departments have clearly defined monopolies on particular areas of public service. Far more frequently several departments touch one and the same area from different angles. When one agency advances in a given area, other agencies are inevitably affected. In consequence, as there is intradepartmental competition between bureaus and divisions, so we encounter rivalry between agencies themselves. Nor is this all. Department heads may also display a keen competitive sense in relation to the chief executive.

On the levels of middle management, the innate particularism can be mitigated only by a systematically cultivated inclination to think in larger terms. Top leadership may do much to widen the horizon of the line official. But appropriate indoctrination should be government-wide. This is not impossible of attainment. We could place much more stress on middle management as a unified profession, and develop arrangements to move middle managers about within their department and interdepartmentally to check the danger of introversion We could thus provide a climate favorable to the growth of an administrative doctrine that would assure primacy to the more comprehensive public interest—in conformity with political responsibility. Such a doctrine is the logical center-piece of a democratically conceived service ideology.

3. Running the Show

Problems of Delegation Top management expects of the line official that in due time he will be able to report, "Mission accomplished." In carrying out his mission, he must think and plan for himself. No detailed instruction coming from above can ever take the place of his own experience and foresight. In fact, he is the chosen instrument to settle the details, thus freeing the leadership of his agency for policy consideration. To do his job he needs a considerable degree of leeway of action. No one would quarrel with the axiom that the authority delegated to him should measure up to the breadth of his responsibility for results. However, it is a different matter to transform the axiom into reality

Generally speaking, delegation of authority has been hesitant and grudging. This can be explained in part by the rather disorganized and sometimes erratic manner in which American legislatures have exacted accountability from politically responsible administrators When agency heads can be singed so badly because of relatively minor slips of distant subordinates, the general inclination will be to hold the reins of top control more tightly than is ideal for good management. Part of the explanation lies also in the traditions of the "spoils system" of an earlier day when line officials could

[30] *Cf* above Ch 5, "The Social Function of Public Administration," sec 2, "The Needs of the Service State

not be trusted to stand on their own feet administratively. Still another part of the explanation must be sought in the same tendencies that have retarded adequate decentralization of activities to the field.[31] For greatest efficiency, delegation of authority to middle management could by and large go much further than it has so far.

Even where delegation of authority is reasonably adequate, we often find unnecessarily extensive requirements for higher approval of whole categories of more important decisions. These requirements throw great burdens on the administrative process and are hardly conducive to the formation of a strong sense of responsibility. It is sounder to devise reporting relationships through which danger signs become automatically visible,[32] both to top management and to the operating officials themselves. Appraisal of the outcome of administrative action in success or failure is superior to cumbersome mechanics of higher review of proposed action.

Reinforcing the Line Sector. It is the hallmark of effective middle management to be able to stand on its own feet, at the same time knowing where to get help when help is needed. Much help will be secured by the simple method of checking with the "crowd across the hall" or by pooling resources with adjacent line sectors. Indeed, large-scale enterprise cannot achieve unity of purpose without a constant process of cross-referencing—drawing into both planning and operations all the thought, information, and experience available within the total organization; enriching each activity by tying it into the whole program; and amplifying the stream of institutional intelligence so that line officials and staff officers can maintain elbow touch with each other and among themselves. As a student of middle management has said, "The organization of crosswise relationships is one of the foremost problems of today and tomorrow."[33]

The wide-awake operator knows many turns for bringing these crosswise relationships into play—down to sources of "grapevine" and the unhurried conversation in the executive dining room. Line officials see eye to eye on many things and usually share their worries without reserve. They feel rather differently toward staff people, especially from the top offices. Yet prudent use of staff facilities pays the middle manager high dividends, and he knows it. Growth of at least rudimentary staff organs within the line organization itself has made him more enthusiastic about assistance from staff personnel than he used to be. Higher-level staffs, though indispensable to him on major problems,[34] are still somewhat suspect for their uncanny ways of ferreting out hidden issues that call for much explaining on his part—and occasionally make him look very sheepish.

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[31] See above Ch 12, "Field Organization," sec 2, "Centralization and Decentralization"

[32] *Cf* Pfiffner, John M, "How To Delegate Authority," *Public Management*, 1943, Vol. 25, p 351 *ff*

[33] Niles, Mary C H, *Middle Management*, p 52, New York Harper, 1941

[34] See below Ch. 20, "Administrative Self Improvement"

In the light of the historic development of staff facilities, it cannot cause astonishment that as a rule the staff organs lodged down in the line are the weakest. Departmental top-office staffs rank higher in competence, and central staff establishments may rate one or two notches above these. Notwithstanding the greater purchasing power of the higher levels, staff talent ought to be more evenly distributed. This would also allay the fears of middle managers that staff personnel called on for help might in effect lay down the law for the operators to live with, and then nimbly depart from the scene.[35]

Organizing for Work. Line officials, like every one else, may pride themselves on organizing their "shop" without ever stopping to think about organizing their own job.[36] One ailment widespread among operators is a pernicious preoccupation with lesser details—"the petty done, the undone vast." In administration, detail is seldom trivial; but it is also true that the competent middle manager must possess a sure feeling for the significant detail which alone justifies his personal attention. A kindred ailment is the abandon with which some line officials throw themselves into the routine technicalities of operating processes They keep themselves so busy that no minute is left for the contemplative pause. In the end they have run so dry that the thought of thinking drives them frantic; so they have to go on being busy.

It is generally simply an indication of a bad job of self-organization to be always pressed for time. This is especially serious in middle management because operators stand or fall with their capacity for dealing with larger groups of human beings who look to them for guidance and stimulation. Time is of the essence in all human relationships—time for conferences, time for complaints, time for advice, time for instruction, time for a joke or a few friendly words wherever the opportunity presents itself.

A line official must therefore be able not merely to project his influence upon the entire range of operations in his charge but also to detach himself mentally from the day-by-day activities, at least at sufficiently frequent intervals. Only with such detachment can he be a reliable overseer of the "whole show." Only by figuratively stepping back during his quieter hours can he preserve his perspective.

Even if he holds that thinking is none of his business, the pressures on him will compel him to pick one or two understudies and to build up his key men. He will have to learn how to anticipate program changes and emerging problems. He will have to fit his own way of operating into the working methods of his immediate superior and the mode of business

[35] Theoretically, of course, staff personnel are outside the chain of command As a statement on organization and methods work issued January 8, 1945, by the British Treasury formulates it, departmental organization and methods branches "will operate by advice tendered and not by instructions issued" Of course, such advice may in concrete circumstances be equal to command.

[36] *Cf* Niles, *op cit* above in note 33, ch. 11.

prevalent in those units which with his unit form a tactical entity. If he is far enough down in the chain of command, he must not only be readily accessible to all of his first-line supervisors but he must also look over their shoulders to find out how they are doing.

Whatever his location in the hierarchy, he must be alert to opportunities for developing talent among his subordinates and be sufficiently unselfish to let promising men and women go on to higher responsibilities outside his "shop." One of the greatest qualities of middle management lies in training employees for advancement all over the organization. This puts a premium on the point of view of the "generalist"—looking at the whole picture rather than at any particular specialization.

Reporting Schemes. In the two-way traffic of thought, the upward flow of reports and recommendations is at least as significant to the character of institutional intelligence as downward communication. Line reporting brings top management "down to earth." No fine-spun plan is worth a tinker's dam unless it holds up in the stress of operations. Without realistic line reporting, top-level direction would grope in darkness. Equally important is the contribution of operating reports to the maintenance of internal control.

All programming and scheduling must be buttressed by reporting requirements. But reporting can run wild. In not a few administrative organizations everybody seems to need to know everything, and in the ensuing flood of information everybody is drowned alike. In the system of informational channels the locks perform a function no less urgent than the channels themselves.

In the first place, in order to be of use for purposes of executive control, raw information must continually be translated into control information—by digesting, abstracting, and underscoring of relevant points. Secondly, informational priorities must be clearly expressed in designing the reporting system. Thirdly, time and again the question must be raised whether each periodic report actually meets concrete needs.

By raising this question with commendable stubbornness, the Army Service Forces during World War II, for instance, manufactured uncounted workdays of time saved by getting rid of reports of no or marginal utility. Reporting requirements, once established, have great survival power, notwithstanding the disappearance of original demand. Moreover, information serially supplied by operators may to them be "just red tape" because no one has told them exactly why top management must have the information and how it might be made to render service to them, too, in appraising line activities. Finally, in many instances the data dredged up in reports may only tell half of the story, which is sometimes worse than saying nothing at all. To illustrate, trying to judge workload by measuring the quantity of licenses issued or inspections carried out would be foolish if routine cases

were not segregated from more complex ones, or if the variables of complexity were not objectively identified.

Keeping Records. Administration can mean many things, but it is always a lot of paperwork. Federal records now in existence are estimated to amount to some 16,000,000 or 18,000,000 cubic feet, with an annual accumulation of no less than 1,000,000.[37] Most of this is made up of operating records. However, resort to documentation of past undertakings and full-fledged record reference—like institutional library reference—is becoming growingly essential to policy determination and top-staff activity.[38] Record management as a specialized service has made marked strides recently. It may prove to be a highly beneficial influence in strengthening the memory of an organization; evoke a clearer sense of consistency in its collective mind; and keep its officials from improvising anew for each day or conducting the concert "by ear"

Bodies of records may look like so much besmudged and dust-covered paper. Actually they are "repositories of information,"[39] and should be treated as such "The objectives of the record function are (1) the receipt, custody, and care of the record material belonging to an organization; (2) its maintenance in such condition that the material and the information contained therein may be readily available; and (3) its proper final disposition"[40] In the disposition, archival interests must be safeguarded This explains the role the National Archives is playing in superintending the final disposition of federal records.[41]

Documentation of transactions is an aid not only in achieving responsibility—the record tells—but also in making "know how" less fugitive and more of an institutional property When the working files on each level of middle management are reasonably complete and in good order, it is much easier to pull operators out of their "shop" for more important assignments because the successor can find his way without asking innumerable questions or figuring out each thing again. Orderliness of control is in large part dependent on orderliness of documentation. No middle manager is truly up to his job if he fails to assure himself of good record administration.

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[37] Wilson, William J, "Analysis of Government Records An Emerging Profession," *Library Quarterly* 1946, Vol 16 p 1 This paper opens up many of the aspects of modern record administration

[38] See Morstein Marx, Fritz and Others, "A Reference Service for the Administrator, Interagency Records Administration Conference Washington April 27, 1945 (mimeographed)

[39] Chatfield, Helen L, 'The Role of the Archivist in Public Administration," p 5, National Archives Washington May 1942 (mimeographed)

[40] Chatfield, Helen L "The Problem of Records from the Standpoint of Management," *American Archivist* 1940, Vol 3, p 97

[41] The National Archives has issued much useful material on record administration, especially in its series of circulars.

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CHAPTER

19

The Art of Supervision

1. What Is Supervision?

Direction with Authority. Supervision has been defined as the direction, accompanied by authority, of the work of others. It is this top-to-bottom chain of supervision which gives coherence to any organization.

Supervision in its purest form occurs at the first or lowest level of organization—that is, the direction-with-authority over workers who in turn direct no one else. In government parlance, this lowest level is referred to as that of the first-line supervisor. In industry it is that of the lead-man, or foreman. In an army it is that of the corporal, or perhaps the sergeant. It is with the first-line supervisor that most of our discussion here will deal.

It should be borne in mind, however, that supervision occurs wherever there are groups of workers, high or low in the organization, in or outside the "chain of command." In true staff units, for instance, one employee may oversee another, although neither has any power of direction outside his office. Likewise in a group of specialists, the head specialist may supervise the work of the others, although his authority does not extend into the organization; it is not related to other workers outside the specialist group. This argument, of course, spins the thread of command pretty fine if carried too far. Consider that the staff employee or specialist may wield real influence on the workers in other units even if he does it informally and outside the hierarchy, by the force of his personality, by the excellence of his suggestions, or by some other nonauthoritative means.

Concept of Functional Foreman. Frederick W. Taylor, the original exponent of scientific management, recognized this factor in his case for the "functional foreman." He felt that the highest production could be achieved if each special aspect of the worker's task was commanded by a foreman who was a specialist in it.[1] This concept of multiple direction—Taylor broke it into eight parts—is no longer accepted, at least in theory. Instead, the

[1] Taylor's most important work was published in 1911 under the title *The Principles of Scientific Management* republished New York: Harper, 1934.

modern management conception calls for unity of command. Each worker is to have only one boss. The specialist has no direct authority. He cannot give orders to the worker. He may only use indirect influence, set technical standards, and so on. In fact, usually his influence is indirectly exerted through the immediate supervisor. The supervisor, then, is the boss who has immediate and personal direction—with authority—of other workers.

Phases of Supervision. Defined in terms of production, the supervisor is responsible for getting out the work of his unit—for its quantity and quality, its timing. And herein lies the rub. All too often in the past, managers and supervisors have had an eye on production rather than on the basic producers. One symptom of this disease has been the practice of appointing as foreman or supervisor the best worker in the shop or office. The typist who wrote the most letters per hour was made head of the stenographic pool because she was the best worker. As if by her very example she would spur the others on! Usually such appointments have brought poor results because of failure to see the personal side of the job of the supervisor.

A similar although rarer practice especially in "red tape" organizations such as large insurance companies and government offices has been to promote the "old hand" to be supervisor because he "knows the ropes." The ropes, of course, vary from the literal version aboard a sailing vessel to the more complicated strands of laws and rules in a federal agency, for example. The chap who has been around long enough to know office policy and procedures, whom one sees for this and for that—be it Form 57 or 309—has great value. Again, however, supervisory appointments made from among such people ignore the key to the supervisor's job, namely, ability to work with others and make them work better.

So we touch early on the three phases of the supervisor's job: (1) substantive or technical—the work to be done; (2) institutional or adjective—the policies and procedures according to which the work must be done; and (3) personal—the handling of the workers, though "handling" is not the best word for it. It is the last phase which will concern us most. Neither the work nor the rules are the key to supervision. The supervisor must know both, but the critical knowledge and the indispensable skill is nothing less than personal leadership.[2]

Scope of Supervision. Since our emphasis quite naturally is on the human side of the supervisor's responsibilities, we may very quickly glide over his technical and institutional responsibilities. The actual content of his technical responsibilities will vary greatly depending on the product,

[2] There is a considerable body of literature on supervision. A helpful guide is furnished by Cooper, Alfred M., *How To Supervise People,* New York: McGraw-Hill, 1941. Supervision is also treated in most of the general works on industrial management, such as Alford, L. P., *Principles of Industrial Management,* New York: Ronald Press, 1940. On general aspects of supervision in government, see especially Cooper, Alfred M., *Supervision of Governmental Employees,* New York: McGraw-Hill, 1943.

work process, and work situation. In mass-production industry, the leadman may have almost no direct technical responsibility, except for quantity of output. Method is determined higher up Equipment is provided, and materials likewise. Quality control is also out of his hands since it is the immediate concern of an inspector.

In less systematized and routinized operations—in office work, for example—any or all of these problems may well remain in the supervisor's hands and demand therefore that he "know how." He may have to plan the work, set standards for quantity and quality of work to be expected, and make specific assignments of duties. More will be said in a later section about his responsibility for work methods Safety, too, is a responsibility of the supervisor. It is his duty, often with the help of a specialist—the "safety engineer"—to encourage safe work habits, to enforce safety rules, and otherwise to prevent accidents A concomitant charge is to keep the work place clean and orderly The supervisor may have to provide workers with the necessary tools, equipment, and auxiliary services such as equipment maintenance; or with an adequate quantity of supplies and materials. Or his responsibility may be partial only, such as the custody of machines.

It follows that the supervisor must "know the work." It does not necessarily follow, as is sometimes contended, that the supervisor must be an expert in the field. It is possible for a good supervisor to move over from another type of work and learn the new work, especially when he is picked for his potential as a supervisor—"a leader"—rather than for his expertness in the work This is not as commonly done as it should be, however.

Institutional Aspects. The institutional side of the supervisor's duties involves the policies, procedures, and practices of his agency or company. The organization requires certain ways of doing things to which the supervisor must conform A big chunk of this institutional responsibility is personnel policies and procedures. The supervisor may have authority to select, place, and evaluate employees, but in actual practice any or all of these functions may be carried on by the personnel specialist. The latter arrangement is apt to be the case in civil service systems The choice of a worker, for example, may only be in terms of refusing to accept the worker selected by others. In any case, how the supervisor carries on these personnel operations is usually prescribed for him. He merely needs to know the forms and procedures, the rules and regulations, in order to get along. This applies in particular to public administration

Such regulations may well get in the way of supervision, especially in discipline cases. Attendance, punctuality, and personal conduct on the part of the worker in conformity with "company rules" are another branch of "institutionalism" which the supervisor must heed. The conservation and salvage of equipment and supplies, too, may be spelled out in regula-

tions, to give another example. From this brand of supervision stems the temptation to promote the worker who "knows the ropes."

To sum up, the supervisor must know the kind of work that is done by his unit and the policies and procedures of his agency. But our interest lies in the more distinctive phase of supervision, the human side.

2. The Supervisory Skills

Wartime Innovations. The supervisor's skills have been variously enumerated. One such listing runs as long as seventeen essential skills. There is no magic number. During the great effort of World War II, when there was heavy pressure on learning fast, the essentials were stripped down to a minimum of three: JIT, JMT, and JRT. We refer to the Training Within Industry program of the War Manpower Commission[3] whereby not thousands but literally hundreds of thousands of foremen were trained in three basic supervisory skills· Job Instruction Training; Job Management Training; and Job Relations Training. In other words, this program was based on the assumption that the irreducible minimum of supervisory skills is three: (1) to instruct a worker how to do a job; (2) to lay out methods and improve work processes; and (3) to deal personally with workers, especially face-to-face.

The tripartite classification goes back quite some years in history—to World War I, in fact. At that time the tremendous expansion of industry forced management to pay attention to training of supervisors. Stimulated by the critical need for quickly developing competent supervisors for the mushroom growth of plants, management experts made remarkable progress in isolating the factors that make for a good supervisor, analyzing these factors, and formulating practical methods for putting their findings into practice. The wartime program resulted in continued study and proved itself so well in the following years that the emergency of World War II found us in possession of tested methods for training employees in the skills of supervision.

The Training Within Industry Service of the War Manpower Commission, headed by industrial experts of long experience, launched a nationwide program to assist industry to meet the problems arising from its enormous demand for supervisory personnel. Thousands of factories and offices throughout the country installed TWI's short intensive programs for job instruction, job methods, and job relations, so that in the end well over a million supervisors in war production had gone through one or more of these training programs.

Numbers of participants, of course, prove nothing. But startling results were achieved from this emphasis on the skills of supervision. Two out of

[3] An excellent account of this program is offered in War Manpower Commission, Bureau of Training, Training Within Industry Service, *The Training Within Industry Report, 1940 1945*, Washington Government Printing Office, 1945.

every three plants served by TWI reported production increases up to 25 per cent, and the other third found that better supervision raised output from 25 to 500 per cent Comparable savings in manpower and time needed to break in new workers, in scrap and waste cost, and in reduction of accidents were reported. In some plants absenteeism was cut in half. There was also a constant decrease in the rate of turnover among employees whose supervisors had had the benefit of the "J" programs.

It was understandable that government agencies, experiencing similar expansion, should have looked with interest at the successful attack industry was making on one of its most critical personnel problems. Experiments were carried out to determine whether TWI's program, designed for industrial organizations, would be equally effective in government agencies beset by many of the same manpower difficulties. The answer was quickly forthcoming Although the work, the operation, and the environment may vary widely, the skills involved in supervising jobs are identical in any supervisor-and-employee situation. Certain adaptations had to be made, for the terminology and approach required in government offices are different from those encountered in a machine shop. However, the alterations necessary were limited to details.

In order to make the TWI formula available to federal agencies, the United States Civil Service Commission established a program of training and staffed it with men and women who could administer the techniques that had proved to be so successful in industry. One further step was taken. Instead of relieving office managers of the responsibility of training their supervisors by having outsiders do it, the emphasis was squarely placed on management's concern with the training activity through use of its own personnel.

The general procedure was for the Civil Service Commission to show the individual government agency how to train its supervisors and to help it follow through in order to make sure that the training courses produced the practical results that were expected. This was done by assuring that the agency's top executive fully understood the program and really accepted the responsibility for its operation, and then by giving selected agency personnel an intensive training course to prepare them in the techniques of administration Three separate programs were offered to the federal agencies. Each program was drawn up to cover a specific phase of supervision, and each was presented in five concentrated two-hour sessions. Since the programs in order to stand up had to appeal to operating people on all levels and show a direct application to their own jobs, the whole approach was specifically designed to get immediate action and to accomplish quick results. Because of the careful trial-and-error development of the programs under actual operating conditions, they soon became streamlined to the point where they were easy to understand, easy to present, easy to conduct and interesting in form and content

By examining the essentials of these programs more closely, we can best identify the basic supervisory skills in a setting both concrete and generally significant. The point that should be kept in mind is not the particular features of each program, but the light it sheds on the role of the supervisor. From this angle, the wartime experience is of lasting interest.

Job Instruction The expansion of public administration caused by the war dictated the first program of this series—teaching supervisors how to teach. With new workers pouring by the thousands into government offices and with old workers assigned new duties, it was essential to shorten as much as possible the time necessary for all these employees to learn their new jobs Managing an organization under emergency conditions is a process of constant adjustment to change Every change of work or personnel calls for instructions to get the work out on time, and places a heavy load on the first-line supervisor. He cannot carry it unless he has competent workers under him who understand their jobs, know what to do, how to do it, and learn new jobs without time wasted or delay.

Job-instruction training shows the supervisor how to teach those under him to perform their daily operations The supervisor, of course, has always done this, after a fashion. He usually realizes that the new employee has to know something about the job before he can go to work So he may turn him over to one of the old hands for a while, or he may make an effort to train the neophyte by such means as he is familiar with, and perhaps fail because his methods are ineffectual. If he does nothing else, he at least takes it for granted that his new employees will require a certain amount of time to take hold of their jobs, and resigns himself to waiting for the breaking-in period to end. Supervisors who have taken job-instruction training have learned that a simple four-step teaching method on the job is far superior to the casual methods of old which wasted so much valuable time.

The supervisor is shown how to explain a new job to an employee, how to demonstrate it so that the employee can follow each step, and how to coach the employee while he practices the operation until it is mastered. He is shown how to guard against the mistake of trying to give the employee more than he can absorb at a time He is also taught to avoid technical language that the learner cannot comprehend. He is shown how to discover the parts of the job that the learner needs to know first. The supervisor knows that merely telling a worker what to do is not enough, nor is it enough to show him how to do it He comes to see the truth of the training slogan: "If the employee hasn't learned, the supervisor hasn't taught."

Job-instruction training brings together two phases of the training process· how to get ready to instruct, and how to instruct. In the first phase, the supervisor learns to look at the job analytically, to break it down into units, and to arrange the units into a logical learning order. In the second phase, he learns exactly how to get his knowledge across to the employee

so that the latter understands the job and gets his work done quickly, correctly, and conscientiously.

How to get ready to instruct consists of the following steps: (1) have a timetable, know how much skill you expect to develop in the worker and how soon; (2) break down the job, list the principal steps, pick out the key points; (3) have everything right—tools, equipment, and materials; and (4) have the work place properly arranged, just as the worker will be expected to keep it

How to instruct is also broken down into four steps·

(1) Prepare the worker by putting him at his ease, finding out what he knows about the job, getting him interested in learning and placing him in the correct position;

(2) Present the operation by telling, showing, illustrating, and questioning carefully and patiently, stressing key points, and instructing clearly and completely, taking up one point at a time, but no more than the worker can master;

(3) Try out his performance by testing him on the job, having him tell and show you, and having him explain key points while you ask questions and correct errors until you *know* he knows; and

(4) Follow up by putting him on his own, checking him frequently, designating one to whom he goes for help, encouraging him to ask questions, getting him to look for key points as he progresses, and tapering off coaching and close follow-up as his work improves

The basic content of this program is epitomized in simple terms on a little card furnished every supervisor who goes through it However, the method of teaching JIT is as important as the content. Teaching JIT is made up of five closely packed two-hour sessions, conducted by agency personnel that has been previously trained by the Civil Service Commission. It has been found that best results are obtained with groups of ten or twelve participants Beyond that number there is insufficient time for individual practice, and JIT devotes but little time to theory and a great deal to application. Only the first session is given over to theoretical study. The other four two-hour sessions provide each member of the group with at least two opportunities to try his hand at the skill of instruction and to benefit from the criticism of the instructor and the other members.

In short, each member of the group takes his turn in presenting an actual demonstration of the method, using a job operation employed in his own office. Before he can do this, of course, he must break down the job into a sequence of steps and decide what key points the learner must know about. In the demonstration before the group he uses the job breakdown he himself prepared, and follows the four-step method to instruct another member who acts as a learner. The group then discusses the demonstration, criticizes the presentation, and suggests improvements.

In other words, the program applies to the teaching method its own

principles of telling and showing the learner what he is expected to learn, giving him a chance of actually trying it, and demonstrating where he succeeded and where he failed. The final step of following up after the supervisor has had opportunity to practice takes place later when he has returned to his unit and has applied the method on the job. Continued emphasis was maintained in the form of personal calls from representatives of the Civil Service Commission and agency trainers, presentation of illustrative movies through the Office of Education and other devices.[4]

Improving Methods. Perhaps the strongest single impediment to management progress is the dead weight of tradition—the habit of doing things the way they have always been done. Habits are powerful and the habitual method may survive simply because we are used to it, not because it is the best method. The only way organizations can rid themselves of outmoded procedures, unnecessary operations, and wasteful duplications of effort is to subject every activity periodically to searching reexamination.

Job Method Training was evolved to meet the need of supervisors for a simple, practical way of improving jobs—a plan they could apply to their daily work. Although originally developed by TWI for foremen in industry, its approach to the integration of manpower, materials, and machinery is common to all supervisory jobs The program has been found to be readily adaptable to conditions of government work.

JMT does not make methods engineers, nor is it intended to do so. It does put into the supervisor's hands a tool that will enable him to examine operations critically and to work out improvements logically and effectively The entire emphasis is on making improvements, not on theory or mere discussion. After being given a sound conception of the methods as applied to an actual operation, each supervisor is required to analyze a job in his own unit and to make concrete recommendations for changing the job to bring about more effective use of manpower, materials, and equipment Each supervisor demonstrates how he analyzed the present operation and questioned every detail He then explains the new method he has developed in which he eliminates unnecessary operations, and combines, rearranges, and simplifies the details to make the job easier, faster, and more economical

As in the case of JIT, job-methods training is given to equally small groups of supervisors in five two-hour sessions. Again, the program is conducted by leaders selected from the agency personnel trained by the Civil Service Commission The objective is not to get a certain number of improvements from each supervisor, but to encourage a constant reappraisal of existing methods.

JMT can be articulated with employee-suggestion systems, with employee "councils," and with agency planning and procedure work. It stimulates a constant flow of ideas for new and better ways of doing old jobs.

[4] *Cf* United States Civil Service Commission, Supervision Improvement Program, *A Program for Supervisors in the Federal Service,* Washington 1943

The great virtue of JMT is that it opens up to every supervisor the opportunity to be creative about his work. The success of this program affords new evidence that there is in each of us a creative imagination at work that speculates on the possibility of making changes in the established scheme of things, even in matters that are not in our own immediate province. In this natural tendency of human beings we possess an inexhaustible spring of improvement possibilities that is virtually untapped. Although management recognizes the necessity for revising its procedures to effect modifications and short-cuts, too often it turns this task over to specialized planning staffs or method engineers, without using the potential flow of ideas that could come from the mass of employees on the job.

First-line supervisors are in a key position to carry out management policy. They work closely with employees in the details of processes and projects, and have intimate knowledge of a multitude of operations that in the aggregate make up the program of the agency. In fact, many times the supervisor is the only manager and representative of management who knows enough about the technical aspects of his unit to make intelligent comments about it. Consequently, management is incapable of streamlining the totality of jobs in the organization without the vigorous assistance of the supervisor.

Here is the way the little card that is handed to all supervisors who take JMT describes the essence of this approach:

> Step 1. *Break down the job.* (a) List all details of a job exactly as it is done by the present method. (b) Be sure details include everything you and others do in using (1) manpower, (2) materials, (3) equipment
>
> Step 2. *Question every detail.* (a) Use these types of questions: (1) Why is it necessary? (2) What is its purpose? (3) Where should it be done? (4) When should it be done? (5) Who should do it? (6) How is the best way to do it? (b) Also question the office lay-out, work places, flow of work, safety, forms, form letters, clearances, reviewing, and all other procedures
>
> Step 3 *Develop the new method.* (a) Eliminate unnecessary detail. (b) Combine details when practical (c) Rearrange for better sequence. (d) Simplify all unnecessary detail. (1) To make the work easier: (A) Pre position materials, supplies, and equipment at the best places in the proper work areas. (B) Let both hands do useful work. (C) Use devices for materials. (D) Work out your idea with others. (E) Write up your proposed method
>
> Step 4. *Apply the new method* (a) Sell your proposal to your boss. (b) Sell the new method to the employees (c) Get approvals from all concerned. (d) Put the new method to work, use it until a better is developed. (e) Give credit where credit is due.

Job-methods training has had such an immediate positive effect on the attitude of supervisors toward their own jobs that some agencies have tried to carry the idea one step further—to the individual employee. The result

has been gratifying. Besides demonstrating that the program is easily within the capacity of the average employee, such extension gives recognition to one factor that is essential to this type of training. Both the employee and the supervisor must be made to see that suggestions from them are sincerely desired by those higher up. Although each of us thinks he knows how to improve on the established way of doing things, we have a natural reluctance about appearing to criticize our superiors. It's different when we are asked to give constructive criticism.

Working with People. For many supervisors, the most difficult part of their job is acquiring the knack of dealing with employees. This ability is vital to good supervision for every act of the supervisor has a bearing one way or the other on the attitude and morale of employees. Supervisors do not need an elaborate course in applied psychology to develop the skill required to get results through other people, but they do need an understanding of the fundamentals which lie behind employee attitudes and a workable method of applying those fundamentals.

Job relations training is concerned with two phases of the supervisor's problem. The first is the general knowledge essential to dealing with all employees, the "foundation of good relations." The basic principles are few: tell employees how they are getting along; give credit where it is due; make the most of each person's ability; and inform employees of changes that affect them. The second phase deals with the technique of handling individual problems—the special problems that arise because employees are not a "great grey mass" but individuals, each with his own reactions, emotions, backgrounds, and abilities.

The training methods, however, are much the same as with JIT and JMT—five two-hour sessions, mostly taken up with application to actual situations, and led by the agency's own personnel who have been trained by the Civil Service Commission. First, the technique of maintaining good relations is demonstrated to the group of participants, using actual cases taken from job situations. Next, each supervisor brings in a case from his own unit and presents an application of the JRT method. The group helps him to establish what his real objective is, what facts need to be secured, what possible actions he could take, and the probable effect of each action.

No final judgment is passed on the supervisor's solution. The purpose is to give him skill in arriving at decisions, not to hand him a set of canned decisions. This training supplies the supervisor with an understanding of job attitudes and the methods of handling employee-relation problems. With this guidance each supervisor can develop his own skill and feeling for the human factor.

The core of job-relations training is concisely stated on a small reference card given to trainees:

> *Foundations for good relations.* (1) Let each worker know how he is getting along. (a) Figure out what you expect from him. (b) Point

out to him ways to improve. (2) Give credit when due. (a) Recognize extra or unusual performance. (b) Tell him when it is fresh, tell him while it is fresh (3) Tell an employee in advance about changes that will affect him (a) Tell him why, if possible (b) Get him to accept the change. (4) Make the best use of each person's ability (a) Look for ability not now being used (b) Never stand in an employee's way

People must be treated like individuals How to handle a problem (1) Get the facts (a) Review the record (b) Find out what rules and customs apply (c) Talk with individuals concerned (d) Get opinions and feelings (e) Be sure that you have the whole story. (2) Weigh and decide (a) Fit the facts together (b) Consider their bearing on each other. (c) Check practices and policies (d) What possible actions are there? (e) Consider effect on individual, group, and production. (f) Don't jump to conclusions (3) Take action (a) Can you handle this yourself? (b) Do you need help in handling it? (c) Should you refer this to your supervisor? (d) Time your action properly (e) Don't pass the buck (4) Check results (a) How soon will you follow up? (b) How often will you need to check? (c) Watch for changes in output, attitudes and relationships (d) Did your action help production?

Of course, no matter how well the supervisor masters these points, he still has to be proficient in the art of leadership. Perhaps an outstanding leader must be born, but certainly skill in leadership can be improved, as job-relations training has demonstrated. Application of fundamental propositions does have an important bearing on human relations on the job.

One fundamental fact is that we are all different. Each one of us brings to a job his own individual attitudes, his hopes and ambitions, his aptitudes and his interests A given situation will affect each individual according to his own point of view, and it may affect him in an entirely different way on another occasion Furthermore, all of us have other things burdening us besides our jobs, which can very well interfere with our state of mind—our health, our family, our future security, to name but a few. These factors may exist in many different combinations. Any approach to the problems arising out of human relationships must inevitably be made on the basis of the individual case

It is not necessary to turn supervisors into trained psychologists to help them deal with their employees as individuals The average supervisor, impressed with the policy of treating everybody alike and given a technique of unearthing the facts underlying employee attitudes, will make sound or at least sounder decisions If he uses job relations techniques, his decisions will be sounder because he will try to learn all the facts in each case—not merely those that appear on the surface—and because he will not consider the case closed until the decision has been proven to be correct.

It is plain that the highly condensed solutions into which JIT, JMT, and JRT have been put are by themselves merely shots in the arm. The supervisor, to be effectively trained, must be provided with a plan for developing skill on the job. Therefore follow-up is highly important. Con-

tinued use and perfection of the three skills must be the watchword if the supervisor is to become adept at his trade.

Finally, management must accept the implications of this kind of training by reexamining its policies and operations to see if they conflict with the basic propositions which the first-line supervisor is expected to follow. For example, it is unreasonable to hope that a supervisor will maintain much enthusiasm for improving job methods in the face of hostility of his own supervisor every time he makes a suggestion. A supervisor will not be convinced very long that his superiors sincerely want to treat employees fairly and intelligently, if he himself is suffering from unfair or unintelligent treatment. He will relax his efforts if his superiors violate principles of good employee relations in formulating or enforcing personnel policies. Again, the supervisor may become fully convinced in the JIT program that part of his job is to improve his employees' efficiency through continued training on the job, but this conviction will not be sustained if no continued interest is taken higher up in his own improvement. This is another way of saying that the new programs, although they are designed primarily for first-line supervisors, enunciate conceptions that are applicable anywhere in the organizational hierarchy right up to the head of the agency.

It should be pointed out that all of the three J programs were utilized not only by the federal government but by states, counties, and cities as well. Many of these took advantage of the TWI trainers to secure supervisory instruction within their own jurisdictions. Others used the materials as developed by the work-improvement program of the United States Civil Service Commission.

Work Simplification. Let us now turn to a related effort, the so-called work-simplification program developed by the United States Bureau of the Budget.[5] As in the case of job-methods training under TWI, this is an attempt to condense training into a readily understandable form, which can be easily assimilated by first-line supervisors themselves. It should not be inferred that the work-simplification program duplicates job-methods training; it is a more specific though highly simplified program in itself.

It is built around three basic management problems. (1) the distribution of work; (2) the sequence of work; and (3) the volume of work. For these three basic problems there are three elementary tools to be used: (1) the work-distribution chart; (2) the process chart; and (3) the work count. The supervisor is trained in the use of the three tools in order that he may be able to solve each respective basic problem.

The method is equally interesting. The first training session is given

[5] *Cf* United States Bureau of the Budget, *Trainer's Guide to the Work Simplification Training Sessions, Specifications for Agency Work Simplification, Supervisor's Guide to the Work Distribution Chart Supervisor's Guide to the Process Chart, Supervisor's Guide to the Work Count* Washington Government Printing Office, 1945 The essence of these materials is also available in Publication No 91, Public Administration Service, Chicago, 1945

over to introducing the program, setting up the objectives of the sessions, and getting the group to know each other. About an hour is devoted to discussing the work-distribution chart. This is the preface, so to speak, to two hours of "laboratory" work in which the supervisor himself uses the work-distribution chart. The second session reviews the work performed and introduces the process chart. This again is followed by "laboratory" activity in which the supervisors meet with the instructor to make up their first process chart. The third training session in a similar fashion deals with the work count, followed once more by individual application. The instructor makes an appointment with each supervisor, meets him at his desk, and helps to determine what work to count in his own unit. Then there is a final session of three hours in which the total program is reviewed and supervisors demonstrate their competence in using the three tools. As in the case of the J programs, follow-up is indispensable.

All of this merely draws additional emphasis to the supervisor's task of dealing with his people—the crux of the whole supervisory situation. No supervisor can hope to be successful unless he learns to lead without bossing. The days of the "straw boss" who shouted his orders and cracked his whip are over. It never was an effective method, even before the advent of a more mature appreciation of work democracy and organized labor. The secret of good supervision is to suggest, to stimulate with a word of praise, to lead by example.

Much of the supervisor's task is to work with the employees he has He might sometimes wish he could fire all of his workers and replace them with abler ones. This is seldom possible or desirable. Therefore, one of the tricks in the supervisor's bag must be to know how to develop hidden ability. Realistically, of course, it is no trick at all; it is a competence gained only from study and association with the worker, from understanding his whole attitude, and from willingness to help him. As in leading without bossing, discovering hidden abilities requires going to the worker, being sympathetic, studying him carefully, and giving him every opportunity to express himself. This same basic approach will also create a favorable working climate, in which the worker will have a feeling of release and not a feeling of repression.

The discussion so far may suggest that the supervisor has a gigantic job which he does all alone. This, of course, would not be true, particularly in government. In instructional situations—in handling the problems of teaching workers new tasks, new methods, and new procedures—the supervisor, in almost all governmental jurisdictions, has the help of a training officer or a training division. This is also true of his general handling of personnel matters. In fact, most of these things are done for him by a recruiting officer, an employment officer, and other specialists. Likewise, when it comes to methods, the planning staff of the agency is generally at hand, often stimulating the supervisor to develop new work procedures

and improve old methods. On morale problems and on handling out-of-the-ordinary cases, the supervisor in many governmental jurisdictions has the help of an employee counselor or employee-relations officer. However, the emphasis must be constantly maintained that in the concrete situation these functions are all those of the supervisor. Even if he receives help from above, the burden inevitably continues to be his.

3. Problems of Supervision

There is a temptation to capsulate and reduce to catchwords and slogans the truths that should govern supervision in order that a working technique may be applied. Slogans can be coined, but they may be misunderstood. What is good supervision? What should the qualities of a supervisor be in order to make him effective?

Variations in Supervisory Situations In a still-unpublished monograph entitled *Introduction to Supervision*,[6] John M. Pfiffner has offered an excellent analysis to answer these two questions. Any answer must allow for many variations In the first place, what makes for effective supervision in situations dealing with one kind of work may not do so under other conditions Supervising miners is a task different from supervising typists in a stenographic pool, not to mention supervising scientists in a laboratory. Secondly, and as a corollary, the ingredients of good supervision will vary with the kind of people involved. Highly skilled artisans or highly educated professional employees may be of *prima donna* temperament and demand an entirely different kind of attention than less skilled or trained individuals. Thirdly, the concrete work situation may make a substantial difference. Work in an office requires one pattern of supervisory knowledge and skills; work in a factory, in a commercial establishment, or in a school building requires another.

Fourth, the extent of supervisory responsibility will have a good deal to do with the demands made on the supervisor. The supervisor whose range of duties is narrow probably need not be as specifically qualified as the supervisor whose responsibilities are comprehensive in terms of the work of his unit. The supervisor who is bolstered by a training assistant, personnel officer, and employee counselor probably need not be as broadly trained as one who has to work completely on his own, without staff services. Or, the supervisor who makes important decisions as to what work has to be done and how it is to be done will need to be a more highly competent individual. Fifth, the level of supervision is important. The first-line supervisor will undoubtedly have less need for intellectual powers than the supervisor much further up the line. The former will have more need for detailed knowledge of the work to be done.

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[6] Pfiffner, John M., *Introduction to Supervision*, University of Southern California, Los Angeles 1944, mimeographed

Requirements of Good Supervision Pfiffner[7] lists eight requirements of good supervision and good supervisors (1) Command of job content; (2) personal qualifications; (3) teaching ability; (4) general outlook; (5) courage and fortitude; (6) ethical and moral considerations; (7) administrative technology, and (8) curiosity and intellectual ability. To elaborate

(1) *Job content* An expert knowledge of the work to be done is perhaps desirable at the first level of supervision, but it is doubtful if it is essential. Ability to do the work skillfully is helpful because it enables the supervisor to answer questions by his example Furthermore, it enables him to judge results It helps him to lay out work in such a way that one worker is not overburdened and another underemployed However, too great an expertness in the work is less desirable, especially if it tends to make the supervisor the best worker of the unit, rather than its supervisor.

It is doubtful whether supervisors should be recruited without regard to their knowledge of the job to be supervised In many work situations, supervisors could probably be given quick training in the job content, but they should still be selected because of personal qualification Seniority alone is one of the worst possible bases for picking supervisors Some one has very pointedly remarked that twenty years of experience may be simply one year's experience repeated twenty times

(2) *Personal qualifications*. These are probably the most important qualifications for any supervisor The best supervisory material comes from among those who like people, who enjoy cooperating with others, who have the ability to attract others to themselves, who can motivate them positively and unite them in their work But we must go beyond this point to considerations of emotional stability and intellectual integrity.

Without emotional stability, the supervisor will not be able to control himself. If he cannot control himself at all times, if he is apt to speak to an employee in anger, he is not a good supervisor Intellectual integrity implies an objective attitude which grows out of a knowledge of one's strength and weakness. Such a knowledge permits the supervisor to be objective toward others, especially in handling grievances

Along with emotional balance, there should be balance in other traits as well. It seems fairly well established in psychological testing that good supervisory material is more dominant than recessive, more extroverted than introverted, more stable than unstable, more self sufficient than dependent on others Any of these traits, however, when carried to an extreme degree is harmful

An individual who must dominate in every situation certainly is not good supervisory material Neither is the individual who is so completely extroverted that he is not aware of the reactions of others. He who is so well integrated and stable that nothing can ruffle him is by that very fact

[7] *Op cit* above in note 6

often deprived of motivating power and of the drive that may lead him or others far. Likewise, the supervisor who carries self-sufficiency to the extreme and never seeks advice from others is apt to become an autocrat in his actions. Finally getting down to physical characteristics, it certainly helps if the supervisor "cuts a good figure"—if he has the physical presence to command the attention of others. Of course, that does not compensate for personal weaknesses within.

(3) *Teaching ability.* This is one of the three basic skills of supervision. Supervisory work requires the ability to participate and lead in conferences, to teach groups of individuals. It requires also the ability to teach oneself, to keep perpetually at the process of self-education, to remain up-to-date on changes and new developments.

(4) *General outlook.* A supervisor needs to be career-minded if he is to set an example to his employees. This, after all, is the most effective method of leadership. The supervisor should love his job and be absorbed in it. He can then engender enthusiasm in others and stimulate them by his own example. If he is career-minded, he will foster what has been called "clan pride" or *esprit de corps,* thus furnishing a subtle but effective motivation that is an all-important morale factor.

(5) *Courage and fortitude.* These make the supervisor fully assume responsibility in all cases where he should. Without both he will not have the stamina to take action decisively. He will not be willing to "walk toward danger." He may not say "no" when he should, nor frankly confess mistakes. However, boldness must be balanced with caution, bravery with tact; otherwise the supervisor will "stick his neck out" until someone hacks it off.

(6) *Ethical and Moral Considerations.* It is difficult to speak of these without sounding like the "pulpit," yet they are not trivial. Whether it be petty pilfering of the stamp box, abusing the expense account for personal purposes, drinking or gambling, being careless about one's credit rating, piling up traffic offenses, or the wrong kinds of amorous involvements—any of these reflects on the respect and dignity which must attend the supervisor if he is to do his best at his job Default in any of such directions may very well impair the value of his example. Supervision requires a natural assumption of responsibility and a natural desire to set a good example.

(7) *Administrative technology.* This refers to the ability of the supervisor to organize and coordinate. The whole purpose of his job existence is to get work done. If he cannot organize this work and coordinate the efforts of those who work with him, he will fail in supervision. It is therefore necessary for him to know something about administration, to have a sense of system and method. He has to be able to lay out schedules and assign work, so as to keep constant the stream of production. He cannot get by with fragmentary knowledge. Above all, he should know the place of his unit in the organization as a whole

(8) *Curiosity and intellectual ability.* The inquiring mind with an appetite for unsolved problems is at a real premium in our world. That is why it is necessary for the supervisor not to be too much submerged in the details of the work of his unit, why he must be detached enough to see the problems beneath and to work on them Furthermore, he needs to be sufficiently superior in intellect to be able to have an effective approach to problems and to be a good problem solver He needs this ability to separate essentials from nonessentials Certainly the supervisor should be capable of making decisions in a deliberate manner, and not "by the seat of his pants."

Democracy of Work Examination of these eight requirements shows that the "spirit of supervision" demands leadership rather than driving force The aim is to secure a voluntary and spontaneous work response, with the workers themselves participating as much as is feasible in planning job strategy and determining production methods. It has logically been contended that for organic progress the fundamentals of Anglo-Saxon political democracy and constitutional government should be extended into the manager-worker relationship

In a sense, this is the issue of democracy versus hierarchy. In such a discussion we are inevitably bucking the set ways of thinking about superior-subordinate relationships, about the "inefficiency" of democracy, and about the "command functions" in the military sense However, support is furnished by the writings of Mary Parker Follett,[8] Elton Mayo,[9] Fritz J. Roethlisberger,[10] and others[11]

Mary Follett has pointed out that the claims made for final authority are mostly based on illustion True authority actually springs only from the intrinsic competence, worthiness, and strength of one in a place of authority. To be called authority, it must be spontaneously and tacitly acquiesced in by the workers Authority does not leap forth from the commands of those at the top simply because the organization chart or the manual says so It arises out of "the law of the situation," which is the antithesis to the "illusion of final authority" In other words, institutional situations demand certain actions to be taken by those whom commonsense and general agreement indicate as the ones to take such actions, regardless of what the hierarchic lines might be.

This kind of thinking means, in terms of effective supervision, that the supervisor must be in part democratically chosen He must command the

[8] See her *Dynamic Administration,* New York Harper 1942

[9] See his *Human Problems of an Industrial Civilization,* New York Macmillan, 1933, and *Social Problems of an Industrial Civilization,* Cambridge Harvard University Press, 1945.

[10] See his *Management and Morale* Cambridge Harvard University Press, 1941, and Roethlisberger, Fritz J and Dickson, William J, *Management and the Worker,* Cambridge Harvard University Press 1943

[11] *Cf* Bradford Leland P and Lippitt, Ronald, 'Building a Democratic Work Group," *Personnel,* 1945 Vol 22, p 142 *ff*

respect and the following of his subordinates. Otherwise he will be supervisor in name only. He may actually give the commands, but another may do the leading because that other has implicit prestige with his fellows. The effective supervisor, by superior knowledge and greater skill, "takes the workers with him." His use of the power of command is secondary at best.

It is a mistake, however, to think of hierarchy and democracy as being antithetical. The spirit and practice of supervision can be democratic without infringing upon the essentials of manual-prescribed discipline. Democratic supervision solicits the worker's interest and participation in the production process on a consultative basis. At the same time, there must be a certain definiteness in the handling of human situations and a consistency with responsibilities under the laws and regulations.

Fair dealing and justice sometimes require painful measures for the good of the employees themselves Likewise democracy in administration, to be effective, must be able to act expeditiously when necessary. It cannot survive in the ways of a submissive supervisor who does not dare to take action for fear of worker resentment Neither can democratic administration exist if the employees are dominated by emotional dread of all authority. The spirit of supervision should be democratic, and the supervisor should seize every possible opportunity to defer to the essential dignity and the sentiments of the worker. However, this can never come about on a lasting basis unless the worker in turn is mindful of his obligations as well as his rights.

As Pfiffner puts it:[12]

> Managers and supervisors must come to the realization that discretion and flexibility are not synonymous with arbitrariness and power. Management of the future, whether public or private, must learn to work within the framework of the new personnel jurisprudence, which places upon the supervisory staff the same type of restriction which constitutional safeguards in the Bill of Rights exercise over the executive officers of government. It should be remembered that the idea of tying the hands of kings with constitutional restraint was thought to be a radical move by the substantial people in the world until more modern times. In the present century, we have fought two world wars to preserve constitutional government with its legal safeguards against governmental power over individuals. It seems reasonable to assume that the same type of arbitrary power of the supervisor over the worker should be abolished in favor of the wholesome discretion exercised within the limitations of a rapidly developing personnel jurisprudence.

One final note might be added. It is becoming increasingly clear with the rise of labor unions in industry that the day of democracy has not only dawned but that the sun is shining near the zenith. A highly placed manager of one of the country's biggest industries recently gave an amusing

[12] *Op cit* above in note 6 (by permission of the author)

illustration of what this may mean in terms of human relations. After leaving a dollar-a-year job in Washington, he went back to his plant and made a personal inspection trip. Several times he was stopped in the corridors by groups of workers lounging and smoking. He could not tell whether they were on a regular recess or not. Nevertheless, he had to say "pardon me" and "excuse me" in order to proceed through the corridors, whereas a few years ago—he said—he would have taken the names and numbers of each one of them and told them to go to the office and get their last pay.

Selecting Supervisors. How to find qualified supervisory material is indeed a critical problem. However, the key to picking good supervisors is good planning.[13] It is necessary to identify those employees who hold promise of making effective supervisors before the need for them actually arises. This selection of understudies is frequently made quite unconsciously. The supervisor will turn to the most dependable worker and ask him to take his place when he is out of the room or to train a new worker. Or the supervisor will in some other way indicate his preference among the workers with whom he has contact.

The trouble with this process is that it is frequently quite unplanned. Furthermore, it is usually based on the need of the moment. A premium is thus placed on dependability; or on the ability to teach—as in the case of training a new worker; or even on such a negative factor as the supervisor's feeling that the man he has selected is no threat or competition to him. The only adequate answer to the problem of picking supervisors is to have a scheme prepared well in advance. This is a responsibility of top management. Nevertheless, unless the worker knows the plan that management follows in choosing supervisors he cannot have much incentive and certainly he will have very little sense of direction toward achieving advancement.

In most work situations today, the system—if it can be called that—for picking supervisors is the very informal and almost entirely unplanned one of observing the workers on the job. When a likely candidate for a supervisory post is spotted, his name is recorded in the mind or perhaps in the notebook of the boss, depending on how systematic he is. When an opportunity comes up, the various candidates the boss has noted are interviewed. Their work records are compared and then one man is made supervisor.

This system, informal as it may seem to be, can be a good one if definite standards are kept in mind. There may be a personal history in writing of each worker's performance, including his performance under tension, how he gets along with his fellows, whether he is ambitious, whether he has made any suggestions for improvement of the work, his conduct

[13] A good introduction to supervisory training may be found in Fern, George H., *Training for Supervision in Industry*, New York: McGraw-Hill, 1945.

off the job, and so forth. If such a record is not kept as part of each employee's personnel folder, an ill-considered choice is much more likely.

The personal interview is frequently used, particularly if the superior making the selection of the new supervisor is two or three levels removed from the candidate and does not know his work intimately. The interview is useful to test personal traits. Generally it does not have sufficient validity to contradict the record of work experience or the recommendations of former superiors.

Recommendation by former superiors needs to be given some weight, too, but caution should be exercised. The supervisor's recommendation is only as good as the supervisor himself. If the supervisor is one who for his own self-protection will select the worker who is aggressive and pushes himself forward, or if he notices only the people who are pleasant and inoccuous, his recommendation would be misleading to that extent. By and large, however, it is to be doubted whether the superior, in making a promotion, should override the supervisor's recommendation.

Written tests are not much in use for the selection of supervisors. Yet such tests can be helpful indicators. A grave question is whether inventories of personal traits or basic interests may be used with complete assurance in a competitive situation. It has been well established that general intelligence and subject-matter knowledge—how to lay out a job, how to issue instructions, how to teach—can be readily tested, not to mention the fundamentals of public administration.

It has also been demonstrated that the intelligence test alone is a fairly good indicator to identify supervisory talent, provided that complete reliance is not placed upon it but that further screening takes place. The supervisor cannot be effective unless he is superior in intelligence, or at a bare minimum as intelligent as the average worker under him. Otherwise he is seriously handicapped in his leadership and in his acceptance by the group.

State and local governments in certain jurisdictions use the competitive promotional examination. This can be a sound system, but it depends almost entirely on how it is administered. Mere posting of the opportunity to take a competitive promotional examination would certainly not be enough.

Finally, there is still another device—election of supervisors by their fellow workers. This has been tried in a number of places and found to be none too successful. Probably supervisors should conduct themselves in such a way that they would be the choice of their workers. But it is to be doubted whether the most popular member of a group is always the best supervisor.

Even a selection system combining most of the elements here reviewed would not guarantee a good supervisor. He would still have to be tried on the job; an understudy system is therefore desirable. Once workers with supervisory talent are identified, they should be given a chance of showing

their ability as supervisors. They could act as relief when their supervisor is on sick leave or vacation, or during shorter periods when he is called away from his post. During this kind of probationary period when the candidate is acting as understudy, he should be given training to qualify him fully for his job. His performance as acting supervisor and as trainee will allow a fairly definitive rating of his promise.

Supervision and Policy. The system by which supervisors are picked depends upon the policy of top management. To what extent are supervisors the victims of top policy? We are tempted to reply In inverse proportion to the degree of their use in the determination of policy. In turn, their participation in policy-making is in large part a problem of communication —getting information about policy and underlying reasons down the hierarchy and policy suggestions back up again[14] If the agency head sees to it that managers on the intermediate levels down to the first-line supervisors meet regularly with their work associates to discuss the objectives of the organization and how successfully these are being accomplished, supervisors will have an opportunity of contributing to the making of policy

When they do, they are likely to press for reasonable flexibility in the application of general regulations that impinge upon their relationship with their employees[15] There are still too many rules which require supervisors to take specified action against the employee irrespective of the particular circumstances of the individual case, and sometimes over quite trivial matters When the supervisor's discretion is so sharply limited, he is impaired in his opportunity for effective supervision We are here faced with an inherent dilemma of large-scale organization. On the one hand is the demand for uniformity, and on the other a realization that for best performance the supervisor requires as much latitude as possible

It is not in policy matters alone that supervisors may be victimized. They are also exposed to pressures of various sorts from higher levels These pressures may come from superiors in the line of command or from officers in staff services who may interfere in the supervisory situation for one reason or another. Much of the functional specialization of large-scale organization is in a sense an interference with effective supervision Examples are the supervisor's inability freely to reward exceptional service by increased pay, or to hire and fire employees. In fact, certain state and local jurisdictions give the employees generally the right to appeal to the civil service commission for reinstatement on its decision.

One of the sharpest pressures which a superior can bring on a supervisor is pressure for greater production without conceding overtime compensation Another example of pressure may arise from employee counseling by special staff services. During World War II, especially in the federal service, the

[14] For a fuller discussion, see above Ch 16, "The Formulation of Administrative Policy"

[15] For further discussion, see above Ch 17, "Government by Procedure," especially sec 4, "Creation and Criteria"

supervisor's job of looking after the morale of his employees was almost completely taken over in some agencies by an employee-relations staff, particularly by the employee counselor. The more technical specialists there are in personnel and management planning offices, the greater is the temptation to exert various pressures on the supervisor—indeed, to make him abdicate certain of his responsibilities and pass them over to these technicians Specialization—notwithstanding its general merits—thus causes another dilemma in first line supervision.

Span of Supervision A specific problem which deserves consideration might be called that of the span of supervision How many workers can one supervisor control effectively? This is not the way the number of workers assigned to the supervisor is usually determined, however The supervisor is simply given a block of work to do and the number of workers deemed adequate to handle it, without much thought of the problem of span of supervision Under the pressure of what may be an impossible assignment, the supervisor can very well break down or resign himself to doing an inadequate job.

It is not possible to give a definite answer to the question of "the span of supervision" Graicunas[16] tried it by insisting that no superior should supervise more than three subordinates, but immediately we would have to make an exception at the first level of supervision because so many employees carry on rather mechanical tasks which require a minimum of surveillance In other words, the span of supervision depends upon the homogeneity of the work, its mechanical or nonmechanical nature, the proficiency of the workers, and so on In short, it depends upon the amount of attention the supervisor needs to give to each individual worker Naturally, the more time he has to spend with each, the fewer he can supervise

It is doubtful, however, whether a single supervisor can supervise more than six or seven workers unless their tasks are almost entirely mechanized and routinized True, the supervisor can save himself a lot of time by organizing his own job There are many internal controls such as production records and quality control records which can save the supervisor many steps and much personal attention, thereby lengthening his span of supervision

Employee Organization and Supervision. Something has been said in the preceding discussion about the new democratic approach to supervision Reference has been made to the employee union This changed situation constitutes a novel problem for supervision In the first place, in a highly unionized plant or office—and most governmental jurisdictions, especially the larger ones, are now unionized at least in part—democracy has been

[16] "Relationship in Organization" in Gulick, Luther and Urwick, L., eds., *Papers on the Science of Administration* p 183 *ff* New York Institute of Public Administration 1937 *Cf* also above Ch 7, Working Concepts of Organization," sec 3, "Quest of Organizational Unity

forced upon the supervisor by the very organization of the employees. He has to deal with grievances consistently because he is confronted by an organized group. He has to discuss hours of work, assignment of work, or whatever the topic of a complaint may be, in terms of the weight of numbers.

Nor is that all. As factories have their shop stewards who speak for the union even though they are also employees themselves, so the government-employee unions have their spokesmen What happens to the undivided authority of the supervisor when he is dealing with a shop steward about one of the supervisor's workers? Certainly the pure concept of hierarchy is affected. The employee union by its very existence puts a premium upon intelligence on the part of the supervisor, upon a progressive philosophy in his dealings with workers, and upon his skill in negotiations not only face to face with his employees but also with others outside his shop. The problem of the employee union might well be pondered by those who are selecting prospective supervisors

Another entirely different question comes up in connection with unionization—the question of whether the supervisor himself is to be unionized.[17] There is still considerable public controversy about the issue whether foremen in factories and supervisors in offices may belong to labor unions or whether they are—as management contends—an integral part of the executive system. The truth is, of course, that the supervisor in this matter is on the fence, or in an organizational no man's land Being raised from among the workers, being in daily contact with them, the first-line supervisor, if he has any sympathy at all, very readily identifies himself with them.

On the other hand, no one can deny that even supervisors in the first line are the fingers of the hands of management They are not only first-line supervisors but first line executives as well We could conjecture that the supervisor would regard himself as a manager and an executive only when his place is such is clearly indicated to him by top management and only when management is sympathetic to the individual worker. If the worker is in fact suppressed or exploited by management, the sympathetic supervisor will be prone to side with the workers in a controversy between them and management

Short Run Versus Long Run Point of View Many of the problems of supervision can be telescoped into one question—that of the short-run versus the long-run point of view A management which insists on immediate top production at any given level of work proficiency without taking time and money for training in order to upgrade the worker or give him an opportunity to train and develop himself, pursues a policy which has far-

[17] An excellent discussion of the industrial aspect of the matter is contained in Roethlisberger, Fritz J, "The Foreman Master and Victim of Double Talk," *Harvard Business Review*, 1945, Vol 23, p 283 *ff*

reaching implications for the supervisor's role. This kind of attitude on the part of top management causes a situation in which the job contends against the individual's personal development.

In the past, government has generally refused to facilitate training and educational opportunity by placing immediate efficiency ahead of long-run self-development. The supervisor who tries to "hang on to his good men" rather than let them go out and get additional experience elsewhere is doing the same kind of blocking When supervisors are job-conscious rather than people-conscious, they are going to make such mistakes. How long will it take the employee unions to wake up to these considerations?

To be sure, the emphasis in position classification must be on the job rather than on the individual if the classification system is to be objective. Nevertheless, any one who has had experience in working with groups of people knows that the only workable long run arrangement is to give every individual an opportunity to find the type of work for which he has greatest aptitude, and then to help him actively to develop himself to capacity In broadest terms, this is a question as to how much of each day is going to be given to planning for future days, and how much of the daily production may be sacrificed in order to gain some time for training to increase efficiency and productivity for the future. The balance may vary with different situations, but there certainly must be a balance

Do we make the most of supervision? The answer is We do not by any means. Government particularly has sinned in this respect. Government, by developing civil service systems and higher staff services such as personnel, budgeting, and management planning, in a sense has tried to make up for deficiencies in supervision It took another world war and the pressing need for increased work with decreased manpower to drive us into a sounder consideration of supervision At the same time, the development of labor unions and the extension of the idea of democracy from the political arena into the economic and the workaday world have underscored the importance of supervision To put it paradoxically, we have moved away from hierarchical considerations because of better organized worker interests, only to be led back to hierarchical considerations democratically conceived.

4 Supervision and Employee Initiative

Institutional Climate The character of supervision in any given organization is neither merely a reflection of a particular function or activity that is being supervised nor principally the result of the personal qualifications of the supervisor, important as these are We must take into account still another factor—the "institutional climate"; that is, the policies which are imposed upon the supervisor by top management and the attitudes of executives and managers on the intermediate levels above the first-line supervisor

For example, nonrecognition of unions will have a great deal to do with

the character of supervision in any institution. Usually the good supervisor is able to make the employee loyal to the organization, but the development of such loyalty becomes an impossible task when the climate of the institution is frigid and repulsive to the worker. The good supervisor is worker-centered, but how can he be worker-centered if no one above him is interested in the worker?

Top Management Support. It is therefore highly important that top management identify itself with the supervisor. One way of doing this is to make sure that the supervisor is properly selected, trained, and paid.

Second, he should be kept constantly informed, not only of company policy which affects production, but also of policy in every other respect, so that he will be in effect a part of the stream of consciousness of the organization as a whole. This applies with special emphasis to government agencies. If the head of the agency is satisfied to make policy and pass it down as a court hands out its decisions, he need not be surprised if the supervisors fail to identify themselves with him. If, however, the supervisors are constantly consulted and kept informed, if there are frequent staff conferences at each level of the organization, there will be in effect only one identity to the organization. We might say that any top management which loses its foremen or supervisors to a union deserves to suffer this loss.

Channeling Employee Initiative. In brief, top management may encourage or stifle the supervisor. He may be made a mindless cog of control. Yet it is obvious that he should never try to substitute for the initiative of the employee. The real job of supervision is how to furnish control and guidance without destroying employee initiative. In terms of production the very purpose of hierarchy is to free the workers of organizational impediments so that they can spend their full time and full energy on the task of getting the work done.

The supervisor who has sympathy for the worker, who is interested in the worker's problems, who lets the worker talk and even "talk back," who fights the worker's battles with the higher manager, will not be inclined to stifle the initiative of his employees. This is not enough, however. It is necessary in addition that workers have a market for their initiative, so to speak. This may be furnished by an employee-suggestion system.

Suggestion Systems. The suggestion box, periodic awards, and plant publicity can hope to achieve only partial results at best. Moreover, if the workers are convinced that the scheme is primarily for the benefit of the stockholder, the employee-suggestion system is not going to work anyway. However, many suggestion systems have been effective, and the methods required for their operation are well established. J. M. Juran, in his *Bureaucracy—A Challenge to Better Management,*[18] lists eight essential require-

[18] New York: Harper, 1944, p. 117 (by permission of the publisher).

ments for a successful employee-suggestion system—or, as he significantly prefers to call it, "employee-participation" system:

> (1) Announced official support of such a plan; (2) a channel for suggestions separate from normal supervision; (3) prompt acknowledgement of the receipt of suggestions, (4) fair and impartial investigation of each suggestion, (5) progress reports to the employee where the investigation takes a long time, (6) final report issued with prior knowledge, if not concurrence, of the employee; (7) a recording in the employee's personnel record of (a) his making the suggestion and (b) results obtained, and (8) a system of reward for valuable suggestions

Juran goes on to point out that the system can be varied. It may be merely a record of suggestions for the recognition of the worker's merit. It may operate on nonfinancial recognition—for example, a letter from top management. It may establish promotion preference. And it may involve tangible rewards in the form of a gold medal, a bronze plaque, or a grant of money During World War II, several federal departments established such suggestion systems with considerable benefit to their operations.[19]

The suggestion system is not the only form of stimulating employee initiative. Under the so-called ABC conference, various groups throughout the hierarchy down to the lowest level meet together to give each individual an opportunity to speak his mind In the absence of such an arrangement, regular supervisor conferences have proved to be valuable on all levels, including that of first-line supervision Employee clubs with ostensibly recreational purposes may also be effective morale-builders and vehicles for free discussion of work problems as well. Like the best kind of army officer, the supervisor in government must be ever alert in his concern for his men If he shows the same concern for strengthening and equipping his workers that the company commander does for feeding, clothing, and sheltering his company, he would come close to the practical ideal of supervision.

Rating Employees A good employee-rating system requires definite standards of performance and thus assists in work programming and work scheduling.[20] It also leads naturally to the improvement of performance—that is, training. In discussing with the employee the rating given and the reasons for it, the supervisor has a precious opportunity of winning confidence, correcting weaknesses, and prompting new zest by objective praise The supervisor can succeed only in terms of his personal relations with the worker in giving a complete judgment of the latter's performance Without such close contact and conditions of candor, the supervisor's reports to his superiors are worthless.

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[19] *Cf.* Donaho, John A., "Employee Suggestion Systems in the Public Service," *Public Personnel Review*, 1945, Vol 6 p 230 *ff* See also below Ch 20, "Administrative Self-Improvement, sec 4 'Basic Resources in Management Improvement"

[20] *Cf* above Ch 18, 'The Tasks of Middle Management," sec. 3, "Running the Show."

The quest in public administration has been primarily for a foolproof form of performance rating. The number of revisions of rating forms in the federal government testifies to this search for a magic tool. However, many governmental jurisdictions have abandoned the search and have spent their time more profitably on improving the ability of the wielders of the tool—the supervisors themselves. The supervisor must be able to sit down with the worker and go over his whole performance, winding up by recommending to him concretely what he can do to improve his work. Fear of such a session is perhaps the key to excessively formal supervision and neglect of real supervisory responsibility, especially in governmental jurisdictions where performance rating has been highly formalized.

CHAPTER

20

Administrative Self-Improvement

1. Evolutionary Currents

Beginnings of the Analytical Approach. As we have seen earlier,[1] the analytical approach to American public administration is of relatively recent origin. We may trace it back to the establishment of the New York Bureau of Municipal Research in 1906. The methodically planned and systematically executed surveys undertaken by that bureau led to many striking improvements in the government of the city. The success of those surveys won almost instantaneous recognition for the analytical approach that supported them. Unscrupulous politicians could not withstand the force of facts thus brought to light. Indeed, it was this widening exposition of the darker aspects of city government which ushered in the reform administration of John Purroy Mitchel from 1914 to 1918.

Other communities, noting these achievements, called on the New York Bureau for help. Surveys were made of cities, counties, and states throughout the country, and even abroad. Citizens in these jurisdictions saw that facts were more powerful than partisan assertions. As a result, bureaus of governmental research sprang up in many communities, often staffed by those trained at the New York Bureau.

These governmental research agencies carried forward the basic reforms initiated in the late nineteenth century—elimination of the spoils system; municipal home rule; election reform; and direct popular control through referendum and recall of officials. New programs were added, such as the short ballot; strengthening the chief executive; elimination of administration by legislative committees and boards; establishment of budget, accounting, and audit systems; departmental reorganization; scientific tax assessment; centralized purchasing; and judicial reform. The National Municipal League, established in 1894, gained in influence as it incorporated many of these features in its model city charter and provided a clearing house of best practices for citizen groups.

[1] See above Ch. 2, "The Study of Public Administration."

Growth of Systematic Inquiry The Commission on Economy and Efficiency, appointed in 1910 by President Taft, was in large part an outgrowth of the work of the governmental research bureaus. The committee presented a series of reports on the necessity for a national budget system, better departmental working methods, and other administrative reforms in the federal government. While no immediate action was taken by Congress, the studies paved the way for later improvement, and the ideas they set forth lived on. Similar work was put under way in New York State under Governor Charles E Hughes Ultimately, a thoroughgoing reorganization of the state government grew out of the proposals of the New York Constitutional Convention of 1915.

Special commissions of inquiry appointed by state and local chief executives appeared with increasing frequency as the years went by. Likewise, legislative committees undertook inquiries of their own. One of the most noteworthy of these was the Special Joint Committee on Taxation and Retrenchment in New York State, which began its work in 1921 under the chairmanship of Frederick Davenport Its reports provided excellent source material for the student and practitioner of public administration everywhere, as well as many tangible benefits to New York state and local government.

In more recent years, both congressional committees and presidents have given increasing attention to organizational and administrative problems.[2] In 1937, comprehensive reports on these subjects were submitted by the President's Committee on Administrative Management[3] and by the Brookings Institution,[4] the latter employed by the Select Committee to Investigate the Executive Agencies of the Government, known as the Byrd Committee The Brookings study was the last intensive effort in the field of federal departmental organization made by Congress, although during World War II the so-called Truman and Ramspeck committees made noteworthy investigations of specific aspects of administration While these inquiries resulted in the tightening of operations and the elimination of instances of inefficiency, few tangible gains in administrative organization have emerged from direct congressional action On the other hand, the work of the President's Committee on Administrative Management has been outstanding Its report prepared the way for important organizational improvements that were effected on the eve of World War II.

Academic and Professional Support Such efforts from an early date required men and women trained in governmental research and analysis The staff of the New York Bureau of Municipal Research had been in great demand in many places To meet this demand, the bureau in 1911 set up

[2] For a historical survey, see Merriam, Lewis and Schmeckebier, Laurence F, *Reorganization of the National Government* p 181 *ff* Washington Brookings Institution, 1939

[3] See its *Report with Special Studies*, Washington Government Printing Office, 1937

[4] Senate Report No 1275, 75th Cong, 1st Sess Washington, 1937.

a Training School for Public Service The program acquired characteristic features of graduate training under Charles A Beard in 1915 and later under William E Mosher About the same time, the universities began to be interested not only in governmental research but also in training students for research and administrative posts Many universities—such as Syracuse, Columbia, Chicago, Minnesota, Harvard, and Alabama, to name only a few—have formulated specific curricula for this purpose [5]

Foundations likewise became interested in better government management They granted funds to universities for research and training programs They also gave support to the work of the New York Bureau of Municipal Research—since 1932 the Institute of Public Administration—and to basic studies like those carried on by President Hoover's Committee on Social Trends, the Commission of Inquiry on Public Service Personnel (1934 1935), and the Committee on Public Administration of the Social Science Research Council [6]

Reflecting an increasingly professional attitude toward public administration, public officials have grouped together in organizations for the exchange of experience and information Even before 1900, a number of such bodies were making contributions to better government—for example, the American Public Health Association, the International Association of Chiefs of Police, and the American Society for Municipal Improvements A related early development was the establishment of state leagues of municipalities, which devoted their attention to arousing interest in improving municipal practices and in presenting the needs of the cities to state legislatures.

The work of such associations was given great impetus in the early 1930's by the foundation of the Public Administration Clearing House in Chicago It became the headquarters of a dozen or more organizations of public authorities and officials under one roof, commonly known as the "1313 Group" (1313 East 60th Street) Its members—typified by the Council of State Governments the American Municipal Association, the International City Managers Association the Municipal Finance Officers Association, the Civil Service Assembly the American Public Welfare Association, and the American Public Works Association—are today enlisting thousands of officials in the cause of sound administration through conferences, professional journals, and dissemination of research Consulting, research, and publication services are rendered through a joint agency, the Public Administration Service

Stimulus from Private Management Even before the search for new administrative methods was under way in government, pioneers in industry

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[5] *Cf* Graham George A, *Education for Public Administration*, Chicago Public Administration Service 1941

[6] *Cf* Anderson William and Gaus, John M, *Research in Public Administration* Chicago Public Administration Service 1945

had developed a fruitful technique of studying production problems, eventually to be known as "scientific management." Faced with the evident fact that employers were unable to adjust themselves to the great industrial expansion after the Civil War, these pioneers began to study the methods by which production was controlled.

Historically, the movement began in 1886 when Henry R. Towne read his paper entitled "The Engineer as Economist," before the American Society of Mechanical Engineers. Towne proposed that an engineer should not only be interested in the invention, design, and installation of a machine, but also in devising means for the most effective operation in the shop. This idea of bringing the engineer into the problems of production suggested an entirely new relationship between employers and specialists. Its full implications were not explored by the society that Towne had addressed, which confined itself to discussing devices and methods of improvement in industry suggested by the experience of its members. It did not attempt to develop a body of principles, but dealt with particular problems that were of general interest, such as piece rates.

Meanwhile, Frederick W. Taylor—as worker and later as foreman—was observing the causes of waste, breakdown in production, inefficiency in the use of materials and machines, conflict between workers and employers, and almost total lack of planning. Taylor began his inquiries by examining the daily problems of the shop. He experimented with all the variables connected with a certain operation, machine, or material until he found the best method of doing the job. He studied, measured, and then set up specifications.

When the best method was found, Taylor needed to transmit it to the other foremen. Thus training became an additional aspect of his approach. He discovered that the study of one phase of operations led to another—to the relations of labor and management, and finally to the problems of over-all organization. Taylor's ideas were presented in his *Principles of Scientific Management*, published in 1911.[7] The volume awakened worldwide interest in management circles. It was translated into more than a dozen languages and exerted a strong influence in France, Germany, England, and Japan.[8]

Further stimulation for the study of production costs resulted from hearings before the Interstate Commerce Commission in 1910-1911. In these hearings the shipper interests, which were opposing a railroad's request for a rate increase, demanded that the railroad make every effort to decrease its operating costs before being granted an increase. As evidence of the great savings that could be made by careful operating methods, the shipper interests cited the economies derived from Taylor's work in several

[7] Republished New York: Harper, 1934.

[8] See Person, Harlow S., "The Genius of Frederick W. Taylor," *Advanced Management*, 1945, Vol. 10, p. 2 *ff*.

industrial plants. Some of Taylor's associates, among them Henry L. Gantt and Frank B. Gilbreth, were called to testify on the new approach to management. It was at this time that the term "scientific management" was coined and first used publicly. The publicity growing out of these hearings contributed to wider acceptance of the movement by industry.[9]

After World War I, the formation of management societies helped to raise professional standards and to disseminate information on new techniques to a much broader audience. Among these bodies were two organizations which later joined forces to form the Society for the Advancement of Management. In 1919, the National Office Management Association began to apply to office routine the methods used in shops.

Government Response. Government has increasingly utilized the methods of scientific management. Perhaps the relatively slow start was due to the inapplicability of many of the early techniques to governmental functions. In recent years, as scientific management has concerned itself more with problems of planning, organization, personnel, and administration, it has had more to offer to governmental staffs. A common element in these two noteworthy movements toward administrative progress—the one in industry and the other in government—has been the spirit of objective inquiry and analysis. While techniques have changed, the general approach has remained the same.

2. Organization for Administrative Analysis

Conceivable Alternatives. The chief executive of a government or the head of a department, bureau, or division may approach the task of administrative self-improvement from a number of angles. Whatever the angle, the task breaks down essentially into constant review and effort to obtain better operations in terms of what is done, who does it, and how it is done.

Obviously, the governmental executive cannot concern himself with the details of administrative analysis. He may, by personal action, resolve some problem or difficulty. Exercising general supervision is itself in large measure a job of adjusting and resolving organizational and procedural matters, and of training subordinates to fit into the operation. The governmental executive can, however, do only a small part of the job personally and will need to supply himself with various types of aids.

He could employ outside consultants to work out proposals for improvement and to assist in their installation. Or committees of key line-subordinates or staff officials within the organization may be appointed as particular problems arise. Periodic meetings may provide a setting for throwing administrative problems on the table for discussion and resolu-

[9] See also House of Representatives, Committee on Labor, *Hearings* on the Taylor system, 62d Cong., 1st Sess., 1911.

tion. An administrative "general staff"—budgeting, personnel, administrative-planning, and programming officers—provides another instrument for analyzing and disposing of major questions of organization and management.

In accomplishing the task of raising the general level of management, the administrator must bring his line operators and supervisors into the total effort for improvement. On them rests principal responsibility for initiating or carrying out most of the modifications which will be made from day to day or week to week. In the process of harnessing the energies of his operators and supervisors, the administrator must also bring about participation and support on the part of the rank and file of employees.

All of these are not alternatives limiting the choice of the administrator Each supplements the other. Each warrants consideration in the total picture. Each plays a part in the broader context

Improvement Through the Administrator's Personal Action. The skilled administrator in the course of a day's work has many opportunities to bring about informally adjustments which will remedy existing difficulties or prevent future trouble and friction How effective he is at this depends upon the keenness of his observation of the organization at work and his sensitivity to the existence of bottlenecks, conflicts in responsibility, personal maladjustments, and outmoded methods

Unobstructed flow of information to him from his staff officers and from operating officials will help Complaints coming from them will often lead to the detection of fire under the smoke If the fire is not big, the administrator can put it out himself Usually he is unable to do it alone. Rather he must rely upon his subordinates If this is to work out, he must provide a fertile environment which will stimulate administrative improvement by those subordinates. Generally, the administrator's principal contribution will be the giving of considered assent to changes which have come up to him for approval from his general staff, from his operators, from consultants, or from meetings of groups within and without the organization concerned with specific problems [10]

Use of Outside Consultants Government agencies often are confronted with administrative problems which require intensive study beyond what can be done by the regular staff Or, for example, the balance of personal factors may be such that no one within the agency can deal with such major problems effectively In these situations, an outside viewpoint or the utilization of experts who have been schooled in solving similar problems in many jurisdictions will be essential

To meet such special needs, outside consultants have been employed by

[10] For a fuller discussion, see Stone, Donald C, Notes on the Governmental Executive His Role and His Methods *Public Administration Review* 1945, Vol 5, p 210 *ff* This paper is also available in *New Horizons in Public Administration* University, Ala University of Alabama Press 1945

government, federal, state, and local, with increasing frequency in recent years. Well known are the surveys made by the Institute of Public Administration, the Public Administration Service, the Brookings Institution, and private consulting firms to develop broad plans for governmental reorganization. Their efforts have been concerned ordinarily with the fundamental aspects of better structure and management, and not with the minutiae of administration.

Less far-reaching in scope, but more important for the development of sound administrative practices, is the extent to which federal, state, and local administrators arrange with consultants to work as temporary reinforcements of their staffs, without publicity or fanfare. For example, the War Production Board brought in the director of the Institute of Public Administration to serve temporarily as head of its Organizational Planning Division The Petroleum Administration for War employed the director of the management department of Standard Oil of California as adviser on administrative problems Some of the staff members of the Navy Department's Office of the Management Engineer were recruited from industrial engineering firms that had previously conducted administrative studies for that department The Department of Agriculture brought back on a part time basis a former official turned college president to head up a reorganization program The United States Bureau of the Budget has used the services of a number of consultants to assist on its own internal problems as well as its work of aiding other agencies in solving theirs.

At the state and local levels, the Public Administration Service has applied on a broad scale this idea of quiet assistance to officials in the installation of new organization and methods This approach has proved more effective in most cases than the preparation of lengthy survey reports which often end up gathering dust in bookcases In many areas, local and state officials secure help in solving their problems from university research bureaus. The Bureaus of Public Administration of the Universities of Alabama, California, and Virginia, for instance, have been called on extensively by public authorities for such assistance

Use of Committees The use of committees of subordinates is an old device for solving administrative problems In New York City, for example, Mayor LaGuardia appointed a Committee on Simplification of Procedures composed of the budget director as chairman, the comptroller, the Commissioner of Investigation, the Commissioner of Purchase, and the president of the Civil Service Commission In the federal government, the War Food Administrator determined upon a plan of reorganization of his agency, and appointed a committee consisting of the director of the Office of Budget and Finance as chairman, the director of personnel, and his general counsel to put the plan into effect

Pointing the way toward increased use of the committee device in the federal government are two other recent examples At the direction of the

deputy chief of staff of the War Department, two committees were formed to propose improved methods for reporting on the strength of the Army One of these committees—known as the Steering Committee—furnished the general leadership and considered the proposals submitted by the second committee—the Working Committee—which assembled the study data and prepared alternative suggestions for better strength reporting.

The second example is found in the use of the committee device to achieve the objectives of three federal agencies—the General Accounting Office, the Treasury Department, and the Bureau of the Budget—in bringing about a simplification of the governmental payroll system Representatives of each of these agencies collaborated in the study, preparation of findings, and formulation of recommendations Following approval by the three agencies, the necessary regulations were issued by each for its sphere of government wide responsibility to make the recommendations effective

Special committees are not only a useful means of developing new ideas, but are often helpful when it comes to putting the ideas into effect The United States Department of Agriculture has used such committees extensively[11] But there are dangers as well as advantages Committee members may already be overburdened to a point that the proposed course of action is apt to be no more well thought out than an off-the cuff decision by the administrator The two committee system used in the War Department provides a method for lessening such a danger

Sometimes committees are appointed to meet situations in which the members have vested interests, so that no neutral or overall viewpoint can be brought to bear on them Moreover, the designation of a committee is often an effort to compensate for the failure of an operating official or for inadequate staff work Committees are most fruitful when an administrative assistant or a member of the administrator's general staff functions as chairman or services the committee through the collection of information and the preparation of draft reports

Staff Meetings Meetings of the administrator with his principal assistants can be of great value in administrative self improvement[12] Such meetings are in general more productive in providing a forum for the common recognition of deficiencies and for bringing about general agreement on a course of action than in evolving specific solutions By careful planning, the administrator can center attention upon the most important points and make certain that the discussion does not reduce itself to irrelevant issues

[11] *Cf* Glaser, Comstock, 'Managing Committee Work in a Large Organization, *Public Administration Review*, 1941, Vol 1 p 249 *ff*

[12] *Cf* Morstein Marx, Fritz Policy Formulation and the Administrative Process, *American Political Science Review* 1939 Vol 33 p 55 *ff* *Cf* also above Ch 4, Democratic Administration sec 5 Office Democracy

Staff meetings are successful only when problems of interest to all are on the agenda. Accordingly, at a meeting of an agency head with his bureau or division chiefs, it would be fruitful to discuss means of better work-programming and budgeting throughout the agency or a new plan for providing legal services to all the subdivisions. Intensive consideration of the internal organization of one of the subdivisions or the revision of technical procedures affecting only two or three would not hold the attention of the whole group. On the other hand, frequent meetings do give the governmental executive an opportunity to develop team spirit and to bring about a union of minds among his key men This is essential to an institutional environment productive of management improvement.

Role of the Administrative General Staff. The general staff officers or units inevitably bear the brunt in analyzing complex problems of organization and procedure and in developing solutions. The term "administrative general staff" refers only to those staff officers or units that share with the agency executive his problems of management and deal with matters which he must resolve as the head of the organization. This would include those concerned with program planning, budgeting, administrative planning, and personnel management It would exclude for the most part such activities as routine legal service,[13] purchasing, accounting, plant maintenance, and other general services which, while of great importance to the effective functioning of the organization, are essentially of an auxiliary or service character rather than aids in general management.

In small organizations and on the lower operating levels of a large organization, the directing official can do most of his staff work himself or with the aid of a deputy or administrative assistant. As the problems of administration increase in complexity, he will require full-time staff officers of the type mentioned, and in addition one or more personal assistants These general staff units, as the planning, programming, analyzing, deploying, and coordinating arms of the administrator, have a vital role to play in bringing about improvement in the agency's internal arrangements.

The budget office, for example, in the formulation of work plans with the operating bureaus or divisions deals with two general classes of problems: first, the character and extent of operations that are proposed—that is to say, the program; second, the organization and methods to carry out that program. Insofar as the budget staff has true understanding of administrative matters, it will be able to raise the general level of management. Because of this interrelationship of budgeting and administrative planning, the two are often combined under the same head. If separate, the two groups must work together very closely.

The personnel office can be a potent factor in improving administration.

[13] For a discussion of the potential contribution of legal officers to the work of the administrative general staff, see Morstein Marx, Fritz, "The Lawyer's Role in Public Administration" *Yale Law Journal* 1946, Vol 55, p 498 *ff* *Cf* also below Ch 23, "The Judicial Test

Staffing the organization with qualified personnel is the starting point in securing efficient operation. More germane, however, to our subject here is the opportunity the personnel office has of uncovering organizational and operating difficulties in the course of its daily contacts with operating officials and individual employees. The position-classification analyst is in a strategic spot to identify administrative problems because he looks into the content of specific jobs and their place in the organization. Employee-relations staff can often locate trouble areas in dealing with grievances and other personal problems. A regular duty, therefore, of the personnel office is to call to the attention of the budget or administrative-planning office any internal defects which it discovers in its daily work.

An administrative planning office providing facilities for the diagnosis and remedy of major ills of organization and method is an essential part of the administrative general staff of city, county, state, or nation, or of a large operating subdivision The following excerpt from the order establishing a division of management planning in the Office of Departmental Administration of the State Department in Washington illustrates the type of activities which are appropriate for such a unit

> (1) Continuous study of our foreign policies and objectives in the light of trends in foreign and domestic affairs, and participation in planning future foreign relations programs, with particular reference to the administrative implications and feasibility of such programs, and with a view to developing and executing administrative management policies fully adjusted to the Department s changing needs
>
> (2) Furnishing of advisory and consultative services and assistance in a staff capacity to divisions and offices to facilitate the carrying out of their assigned functions through the planned improvement of management
>
> (3) Continuous study of improved techniques of management analysis and planning in government and industry with a view to the application of such techniques to the improvement of management in the Department
>
> (4) Continuous appraisal of the Department's organizational and functional relations with other governmental and with intergovernmental agencies, including interdepartmental and intergovernmental committees or similar organized groups, with particular reference to over-all administrative implications for the Department, and with a view to the continuous development of improved working understandings
>
> (5) Collaboration with the planning staff of the Office of the Foreign Service in studying problems of mutual interest and concern with a view to the development of sound over all administrative policies and practices and more effective working relations between organizational units of the Department, other agencies, and the Foreign Service
>
> (6) Investigation, analysis and appraisal of the effectiveness of the Department's organization structure, including its component divisions and offices and intradepartmental committees or similar organized groups, with a view to the development of new organization units or to such adjustments of organizational structure as may be required for the effective implementation of present and future responsibilities.

(7) Analysis of functions and of work assignments and lines of authority and responsibility among the component offices and divisions of the Department with a view to clearer definitions as required and maximum coordination of effort based on exact understanding of working relations.

(8) Study and analysis of work methods and procedures, with particular reference to those which cut across organizational lines in the department, and between the Department and other agencies, such as the flow of correspondence and other documentation, with a view to work simplification, standardization of methods and procedures, elimination of waste time and effort, reduction of costs or delays, and improved utilization of employee skills, and review and control of forms with a view to their standardization and simplification

(9) Preparation, or assistance in the preparation, and review (a) of proposed legislation or executive orders concerning the authority, functions or management of the Department and (b) of departmental orders and regulations, administrative instructions, organizational and administrative manuals, and other documents concerning organizational structure, functions, lines of authority and responsibility, work methods and procedures, and the designation of ranking officers of the Department and of the Department's representatives on interdepartmental committees and similar agencies The Division of Management Planning shall be responsible for necessary clearances of such documents with interested divisions and offices, and all such documents, prior to issuance, shall be cleared with the Division of Management Planning, which shall examine them from the viewpoint of content and purpose, their over-all administrative implications and effects, conformity with previously issued documents of similar character, and conformity with existing regulations on the subject, such as those set forth in Departmental Order 1269 of May 3, 1944.

(10) Assistance in the development of a system of divisional progress reports and, through study of such reports, keeping informed on current accomplishments and trends in program activity as a basis for anticipating, where possible, need for adjustments in organization, clarification of functions and of lines of authority and responsibility, and improvement in work methods and procedures

(11) Enlisting the active support and assistance of all employees in the improvement of management in the Department through such means as the development of employee suggestion and incentive programs, employee-management conferences and the like.

(12) Participation with the Division of Budget and Finance in the consideration of such matters as the preparation of budget estimates and the allotment of positions, with the Division of Departmental Personnel in the consideration of such matters as job evaluation and classification, with the Division of Administrative Service in the consideration of such matters as the allotment and utilization of space and equipment, and with the Division of Communications and Records in the consideration of such matters as problems of record administration; keeping those divisions currently informed concerning management planning matters which may affect their work and securing their advice and assistance in the conduct of management planning projects and in effecting management improvements.

The role of an administrative-planning or administrative-management unit is also indicated in the following sentences from a specimen draft of an order developed by the United States Bureau of the Budget for the guidance of agencies interested in setting up such an office:

> The Administrative Management Office will give continuous and sustained attention to the improvement of organization structure and the development of sound administrative practices in both the departmental and regional offices, for the purpose of facilitating and expediting overall direction, coordination, and control of the Department's administrative activities.
>
> . . . The Director of the Administrative Management Office will serve the Administrator in a purely advisory and consultative capacity and will not have any authority nor responsibility for direct operations
>
> . . . The Director of the Administrative Management Office will. . . work closely with the personnel, budget, program planning, research, and statistical directors in the formulation and revision of organizational structure, budget estimates, personnel classifications, and related matters resulting from any important shift in emphasis or direction of the agency's activities.

Types of Administrative-Planning Offices. The City and County of Los Angeles long stood at the head of the list of governmental units having administrative-planning offices. The Bureau of Budget and Efficiency of the city and the Bureau of Administrative Research—originally Bureau of Efficiency—of the county were the forerunners of a number of such offices set up in state and local government. On the whole, however, municipalities, counties, and states have lagged behind in incorporating into their general-staff structure specific facilities for this important work.

The federal government affords scores of examples of organized administrative-planning work, not only at the top level of agencies but also in their bureaus and divisions. The Division of Administrative Planning of the Farm Credit Administration and the Division of Coordination and Procedures of the Social Security Board were early and noteworthy examples. The Post Office Department has established a Budget and Administrative Unit in the immediate office of the Postmaster General. This unit has two branches: budget work, handled by a Budgeting Commissioner; and administrative planning, headed by a Commissioner of Administrative Planning.

The Commerce Department has an Office of Budget and Management, reporting to the executive assistant to the Secretary of Commerce. In a recent reorganization of the Veterans Administration, provision was made for an Office of Coordination and Planning, which includes several subdivisions known as services—research service, administrative-management service, inspection and investigation service, budget and planning service, and employee-suggestion service. Nearly all of the emergency agencies of World War II found a need for central staff to help the top executive work out the agency's organization structure, define the functions and respon-

sibilities of its various subdivisions, establish devices for coördination and control, and develop general plans of management and operating practices governing the entire enterprise.

The use of administrative-planning staffs by the Army and Navy has been particularly significant.[14] When General Somervell was appointed commanding general of the Army Service Forces, he organized a Control Division as his principal arm to work out solutions to organizational, operating, and procedural problems. The Control Division was subdivided into three branches: (1) a statistical branch, which supervised the reporting systems of ASF, analyzing and making special reports on progress and operations; (2) an administrative-management branch, which investigated a wide range of administrative problems, conducted surveys, and supervised work-simplification and work-measurement programs carried on throughout all subdivisions of ASF; and (3) a procedures branch, which developed and exercised general control over ASF personnel, procurement, supply, and fiscal procedures.

A Management Control Directorate, established in 1942 under the reorganization of the Army Air Forces, carried out many of these same activities and proved a valuable means of improving and simplifying administrative arrangements and of establishing machinery to execute new programs. While no formal administrative-planning unit has been established at the General Staff level of the Army, informal assistance of this kind has been utilized to some extent. No real provision for it has been made at the level of the Secretary of War, although some such work has been done by the Office of Civilian Personnel in the Secretary's office.[15]

In the Navy, on the other hand, the Secretary in 1942 set up an Office of the Management Engineer to assist him on problems of organization, distribution of functions, administrative relationships, procedures, and methods. This office conducted organizational and procedural studies, developed standards for measuring administrative activities, and promoted improved utilization of manpower Realizing not only that the central office could handle merely a small part of the agency's work of analysis and adjustment, but also that it should be placed as close to operations as possible, the office has encouraged the various bureaus of the Navy to establish staff facilities of their own. As a result, administrative-planning units have grown up in many places throughout the organization.

Harold D. Smith, upon taking office in 1939 as director of the United States Bureau of the Budget, established a Division of Administrative Man-

[14] *Cf* the symposia on "Administrative Management in the Army Service Forces" by Somervell, Brehon and Others, and on "Administrative Problems in Naval Procurement and Logistics by Forrestal James and Others, *Public Administration Review*, 1944, Vol. 4, p 255 *ff*, and 1945, Vol 5, p 289 *ff*

[15] For an excellent general discussion of some of the basic problems, see Nelson, Otto L., Jr, "Wartime Developments in War Department Organization and Administration," *Public Administration Review*, 1945, Vol 5, p 1 *ff*.

agement to provide central administrative-planning activities as part of the general staff facilities of the chief executive. One of the first programs of the newly organized division was designed to bring forth and strengthen administrative-planning, budgeting, and personnel offices in all government agencies. All of the bureau's divisions—Estimates, Legislative Reference, Statistical Standards, and Fiscal, as well as Administrative Management—have a share in bringing about administrative improvement throughout the federal government. However, primary responsibility for organizational matters and for finding answers to administrative problems falls within the specific sphere of the Administrative Management Division.[16] A staff instruction of this division defines its function as follows

> The Division of Administrative Management is generally responsible, as a part of the Bureau of the Budget, for assisting the President in bringing about better organization and management of the Federal Government It does this through bringing about a better distribution of functions within and among Federal agencies, helping with the establishment of new agencies and liquidating old ones, assisting individual agencies on administrative problems, strengthening agency staff services, improving government wide business practices and procedures, and reviewing the administrative aspects of proposed legislation and executive orders A major emphasis is the development of programs which are of help to government departments and agencies in solving their own problems.

Tasks of Line Operators and Supervisors Line operators and supervisors have the primary responsibility for administrative improvement.[17] Preoccupation with the work of management staffs has generally led observers to overlook this fact The operator is the one who is apt to know first that things are not going well, and who must make any new solution work. Tuning up the organization, making informal adjustments here and there, and changing methods are all part of the day's management chores.

Whether or not the operator does a good job in organizing the functions under his supervision and in getting all the pieces to mesh together will depend upon his interest and knowledge. Many become absorbed in the substantive or technical phases of their work and are less interested in, or at least unconscious of, the fact that their job is in large part an administrative one.

The question may well be raised Where does the role of the operator break off and that of the general staff begin? Unfortunately, there is no clear-cut answer. The operator who has many organizational or proce-

[16] For a study of the intertwining of budgetary and managerial staff work on the central level of the federal government, see Morstein Marx, Fritz, 'The Bureau of the Budget Its Evolution and Present Role, *American Political Science Review*, 1945, Vol 39, p 653 *ff*, 869 *ff* See also below Ch 25, 'Fiscal Accountability,' sec 3, "Budgetary Coordination" Harold D Smith's work philosophy has been set forth in his book *The Management of Your Government*, New York McGraw Hill, 1945

[17] See above Ch 19, 'The Art of Supervision."

dural problems will—or in any event should—have an assistant or a staff unit of his own to work on them. He may attempt to resolve those questions which cannot be settled within his own division by raising them with people in the other divisions, but usually at this point the issue is found to contain elements which require more intensive study than he can give. Such more difficult problems will rise up in the organization as a daily occurrence. Here it is that the higher administrative-planning staff enters the picture.

By providing useful service to the operators, the central staff will create a good market for its special competence and will not have to rely primarily upon orders from the top executive. It is best not to look at administrative-planning units or any of the general-staff offices as control centers or to require a large mass of detailed matters to be cleared through them. In fact, a check-and-review approach will defeat general staff work.

Role of the Rank and File. What has been said here about the need of participation by the operator and supervisor in management improvement applies also to the body of employees. Employees know when things go wrong. They are in a position to see how detailed situations can be improved and where new methods will provide more efficient results. Unless their ideas and suggestions are captured, the organization will lose one of its major sources of help.

Employee suggestions will not be made, nor will teamwork among employees in improving operations be secured, unless supervisors furnish incentive. Formal employee suggestion systems[18] are valuable. However, they are incidental to the larger problem of good supervision and foremanship.

Most first-line supervisors do not have time for extensive training or to explore and experiment in these fields on their own. Yet they need to have a grasp of some of the elementary aspects of analysis and some of the specific work-simplification techniques suitable for their own tasks. To meet this need in the federal government, numerous agencies have developed special training and improvement programs for particular or continued use.[19]

3. Techniques for Administrative Self-Improvement

Mission of the Administrator. Experience in government as in industry has shown clearly that we cannot expect better organization and management than is suggested by the quality of personnel in administrative posts. New constitutions, statutes, and charters might be adopted which provide for streamlined structure and method, and yet results might be negligible. There is the famous illustration of one state which adopted a compre-

[18] See above Ch. 19, 'The Art of Supervision,' sec. 4, "Supervision and Employee Initiative."

[19] For a fuller discussion of some of these, see above Ch. 19, "The Art of Supervision," sec. 2, 'The Supervisor's Skills.'

hensive reorganization plan, but continued to function as before. Nothing is accomplished except as ideas or plans are translated into action. Action requires administration.

One of the mistakes of the early government reformers was the assumption that once a good setup had been established and competent officials placed in office, all would work smoothly from then on. How different is the fact! Administration is dynamic, organizational arrangements and relationships are continually in flux. Structure must be constantly adjusted to meet changes in program, policy, product, methods, and human beings. This is why the development of the Public Administration Clearing House and the large number of professional organizations of public officials as depositories of work experience is so significant

Public leadership and the support of sound policy and program are essential at the higher administrative posts It is the organization, however, which produces public services and carries out public purposes. Consequently, it is imperative to have administrators who will inculcate in their entire establishment a recognition that continuous readjustment in structure and method is a task in which all have a common stake.

A general feeling that something is wrong with the operating machinery of an agency is of no value unless it is translated into specifics of exactly what is wrong and precisely how it can be remedied. The administrator may notice that papers reflecting internal conflicts or confusions are crossing his desk in increasing numbers. He may observe that newspapers blast his operations because they are bogging down. His political superiors may bring program failures to his attention. He may grow aware that his staff is transitory, with an unusually high turnover. He may begin to question apparent contradictions of reports on financial or program status, or to note that contradictory regulations have been issued by his staff. These are only a few of the obvious ways in which the administrator may be roused into considering remedies. How does he proceed from this point?

It is well to recall that the administrator has several major concerns.[20] He must define the objectives of his program He must determine how things are to be done—that is, the division of labor and the allocation of responsibility. He is concerned also with quantity—how much is to be done; with rate of service—how fast things are to be done; with quality—how well they are to be done; with staffing—who is to do it; and with cost. He must communicate his ideas so that all employees will know what is expected of them, and he must provide for lateral exchange of knowledge so that each employee will know generally what other employees and units are doing. He must set up controls to ensure that the program he wants is being carried out in the manner he wants it carried out and that this is being done as expeditiously and efficiently as possible.

[20] See Stone, *loc cit* above in note 10 *Cf* also above Ch 9, "The Departmental System," sec 3, "The Secretary's Business"

The factors which contribute to the smooth running of his organization, together with that indefinable ability to motivate others which some officials have, will be of no value if they are neglected or never recognized. The administrator will, then, find it desirable to look for a continuously operative indicator—giving warning prior to general complaints—that will let him know when his organization is not producing. He will want to use critical, evaluative, and systematic introspection with regard to what his organization is doing and how it is doing it. He will want to keep the parts oiled and closely geared together.

Such introspection must rely on what is called the survey method. Put another way, all administrative review and improvement of operations is dependent upon some fact-finding method. If the administrator suspects that the state of morale of his employees is such that operations are impaired, he should first ascertain the cause. If he discovers that work is piling up, he must locate the cause of the backlog.

Whether the fact-finding method is used by the administrator himself, a committee, the staff meeting, line supervisors, general-staff experts, or outside consultants is relatively unimportant. Irrespective of who collects the facts, the method of assembling them is common to each approach. But there must be collection of information or data. The process must be planned. It must be organized and lead to analysis. Conclusions must be reached, and a new policy or a plan of action for better organization or method must be developed. The proposals should finally be tested and installed. Virtually the only preference between the various methods of fact-finding lies in the intensity with which the analysis can be made. For all this the basic device is the administrative survey.

Types of Administrative Surveys. The plan for the administrative survey will depend materially upon the type of fact-finding to be undertaken. It may require several varieties of special analytical techniques, depending upon the purpose of the appraisal. Three types merit attention here.

(1) The reconnaissance survey. This is a diagnostic device to identify administrative difficulties, and is an inevitable preliminary to all other types of surveys It may be long or short, depending upon the familiarity of the analysts with the function or activity being surveyed. The object of the reconnaissance is to arrive at an early conclusion as to whether additional fact-finding is necessary, and of what sort; or whether action can be taken immediately, and of what sort. It requires careful planning, for reconnaissance generally should be brief and touch upon only the necessary high spots. It should not be permitted to linger over details.

The interview is the principal method employed. Pertinent workload and production figures, written statements of functions and operating methods, organization charts, record forms, and available statistical data may be compiled during the interview process. Organization and analysis of mate-

rial must be undertaken with the recognition that basic problems, not details, are sought to be identified.

(2) The over-all survey. This is analogous to a complete check-up of a complex machine. It deals with all the elements with which management is concerned, from policy through organization and staffing down to detailed procedure Examples of this sort of project are surveys which were made by the United States Bureau of the Budget of the Bituminous Coal Commission and the Civil Aeronautics Administration; by the Public Administration Service of the states of North Dakota and South Carolina, Montgomery County, Ohio, and the town of Brookline, Massachusetts; by the Bureau of Public Administration of the State of Virginia; by the Brookings Institution of the state of North Carolina; and by the Los Angeles County Bureau of Budget and Efficiency of the county's operations. It may employ the reconnaissance approach in some areas and detailed analyses in others.

(3) The special-purpose survey. The scope of this survey may be based upon the results of a preliminary reconnaissance survey, or it may be decided in advance, prior to any effort at fact-finding. Usually it will involve either an organizational survey, a survey of some specific function, or a procedure survey. The organizational survey is limited to structure and allocation of functions. It usually emphasizes top organization considerations. The functional survey traces some function through all of its ramifications across organizational lines. It may run the gamut from plans and objectives through organization and method with respect to a particular function.

The procedure survey picks up at the operating level, and is normally tied to some function—for instance, personnel, purchasing, accounting, or public works. It is not aimed at objectives and organization. The Navy Department, through its Management Engineer's Office, has carried on an interesting combination of procedural and personnel survey designed to identify cases of nonutilization of employee skills, correct allocation of positions, and eliminate unnecessary procedures and positions. These personnel utilization surveys were conducted by expert analysts in each bureau on a sectional basis; that is, each organizational section was surveyed as an entity, and recommendations were submitted before the team moved on.

Some of the methods of conducting administrative analysis have been well understood for years by specialists in the field, but very little of this knowledge has been brought together in organized form. Administrative-survey reports provide much of the best literature available, but practically no generalization has been derived from these individual experiences as far as methods of analysis are concerned. The one comprehensive effort published to date is *Research Methods in Public Administration* by John M. Pfiffner.[21] There have been a few efforts to bring together the story on

[21] New York Ronald, 1940.

how to carry out special kinds of administrative studies, particularly the extended discussion of methods of doing classification surveys included in the 1941 report of the Civil Service Assembly on *Position Classification in the Public Service*.[22] Much experience has been recorded in scientific-management literature, going back to Frederick W. Taylor and the Gilbreths, in the field of time and motion study.[23]

Reconnaissance. As a preliminary to intensive analysis, reconnaissance should lead to a detailed plan of action as quickly as possible This kind of reconnaissance generally starts with some previous indication of the area of attention and the reasons prompting the request or recommendation for a survey. Steps are then taken to obtain a more specific picture of the area to be covered and the problems to be resolved.

Whether, in all, two hours or two weeks are to be spent on such a preview, the objective is to make a general appraisal of the operation to be analyzed. This may include any or all of the following: identifying the nature and extent of activities; noting possible variations of activities from appropriation purposes; establishing principal manpower demands; making an estimate of the effectiveness of personnel utilization; sizing up management controls—administrative reporting, work measurement, cost accounting, inspections, and program-planning facilities; spotting possible organizational or procedural weaknesses; observing the quality of executive leadership; and taking a look at headquarters field relationships, the adequacy of the physical plant, the degree of mechanization of clerical processes, the extent of the backlog of work, and the state of employee relations.

Before a decision is reached that this preliminary once over should be followed by an intensive survey, careful weighing must take place of the advantages to be derived against the investment involved. The prospective gain should, of course, warrant the expenditure The study should be of greater importance than alternative survey activities that might be undertaken, and preferably it should be related to a long-range objective.

When reconnaissance is the beginning and the end of an administrative analysis, more or less the same program is followed, but final judgments are made and recommendations are developed on the spot. It then becomes necessary to capitalize on the knowledge immediately available. Because intensive study is precluded, the recommendations should usually define the basic requirements, rather than the details, of administrative reorganization or managerial improvement.

Planning the Survey In an intensive survey, whatever its type, the basic elements remain more or less constant. Once the commitment for the study has been made, the first step is the development of a precise plan of work, including the organization and scheduling of the study. This facili-

[22] Chicago 1941, ch 7

[23] For a representative work in this field, see Barnes, Ralph M., *Motion and Time Study* 2d ed., New York Wiley 1940

tates crystallization of the problems to be resolved. Through the setting up of an orderly work schedule and outlining of the steps that must be taken, it also expedites the conducting of the study. Moreover, the work plan can be a great aid if a similar study is later undertaken in a different set of circumstances, and may lead to a standardized approach to recurring types of studies.

The project outline should include a brief statement of the problem to be analyzed, the objectives of the study, and the scope of the work to be undertaken. Issues or problems likely to be encountered should be listed as precisely as possible. The individual steps to be taken in making the study should be set out. Sources, documents, and authorities to be consulted should be enumerated. A detailed schedule of the staff requirements should be worked out, including the length of time each member will be needed. The approximate date of completion, not only of each major step in the project but also of the project as a whole, should be estimated as closely as possible.

In selecting staff for administrative analysis, it is important that there be balance among the types of skills drawn upon, and that the entire staff —including those coopted from outside the surveying agency—be subject to the controls of the leader of the survey group. Advance arrangements with those responsible for the operations to be surveyed are also of major importance to facilitate the work and working relationships of the project staff. Ready access should exist to the top official who is in a position to secure acceptance of recommendations in the area to be surveyed. The project staff, whether outside consultants or administrative-planning personnel of the agency, will find it desirable to arrange for some degree of assistance by the budget officer, personnel officer, or other key employees. It may be necessary for the staff to explain the project to top officials, and to notify or explain it to all employees in order to ensure their understanding and participation

Review of Written Materials. When the fact-gathering stage is reached, the choice among varying approaches and different aids and devices is almost limitless. It is at this point that the analyst must use his skill in determining those most appropriate to his purposes and combining or adapting them in a suitable fashion. Generally the starting point will be a review of written materials, including statutes and orders, which give the historical background of the organization. The survey staff must also secure the benefit of any previous studies. The more that can be learned about the business of the agency or the unit in advance, either through review of materials or conversations with those familiar with the situation, the more effectively will the subsequent steps of the survey be carried out.

The study of constitutions, statutes, charters, court decisions, executive orders, instructions, and other regulations will be of particular significance if inadequacies or inconsistencies in the basic mandate are the primary concern,

or if it is known what changes are to be made and the job is to revise the legal documents accordingly. Legal materials, however, are more often than not a scanty resource for getting at the more specific or detailed administrative problems. In an administrative survey, the objective is more likely to be a diagnosis of what is, rather than what ought to be under law or regulation.

Old reports and administrative documents, legislative hearings and debates, minutes of commission or board meetings, newspaper accounts, and published treatises and historical records as well, provide useful working material in acquiring an understanding of what brought about a particular organizational arrangement or method of operation. Such materials will usually supply only part of the picture, however, since much of what went on before may never have been recorded, and available documents not infrequently fail to tell the most revealing chapters of the story. Particular attention should be given to any earlier studies of the survey area and to any recommendations that may have been developed at previous times.

Materials reflecting the main outlines of the current administrative picture should always be given a careful review at the outset of a survey. These include financial and activity reports, budget justifications and hearings, work programs, and organization charts and manuals. Such records as job-classification sheets, other personnel data, forms, and administrative prescriptions of one sort or another may also be helpful.

Questionnaires and Check Lists. When secondary sources of information have been exhausted and the analyst is laying plans for collection of detailed first-hand data, the questionnaire or check-list approach is likely to come to mind. This is a useful method of producing information quickly from a large group of people in a standardized pattern. It also contributes to building up an accurate and complete picture by providing a ready check of one answer against another. The framing of significant questions in advance and in detail, however, requires an appreciable foundation of information on the agency and on the problems being covered.

The United States Bureau of the Budget has recently made considerable use of this device as a part of its efforts to stimulate management improvement throughout the federal government. Early in 1944, a pamphlet entitled *An Agency Management Program: A Guide for Self-Appraisal and for Planning Economies in Operation* was distributed throughout the government as an aid to agencies in sizing up their operations. The pamphlet raised questions such as these: What is our attitude toward management? Are all of our activities essential? Are we well organized? What have we done to conserve men, money, and materials?

A year later, with the close of World War II in sight, more detailed schedules were developed to help agencies get their records in shape in anticipation of liquidation or reduction of activities. These lists of questions were directed toward the evaluation and improvement of personnel records

and controls, fiscal records and controls, property records and controls, and record management and controls. Recently, a comprehensive questionnaire on agency practices was prepared and distributed in connection with an analysis of the administration of the employee retirement system. Its use saved untold time in a survey covering the entire federal government.

As an aid in interviews, a questionnaire submitted to officials in advance will prove helpful in directing their attention to productive topics. It will also secure greater cooperation by permitting advance consideration of the questioner's needs

Interviews. While much has been written about interviewing,[24] little material is available on the use of the interview as a major technique in administrative analysis.[25] Careful scheduling and conduct of interviews can readily provide information, insight, and ideas that are otherwise unobtainable. Through interviews, it is possible to get official interpretation of the problems under study and ideas on their solution; clarify questions raised by study of written materials, arrange subsequent contacts with subordinates; and gain understanding of personalities and attitudes of key officials. When good coverage through interviews has been obtained, the risk of findings and recommendations being sidetracked on questions of fact is substantially eliminated, since in the presentation of the facts the operator's point of view has been taken into account and potential misunderstanding has been straightened out beforehand The analyst skilled in interviewing can also size up psychological factors, break down resistance to change, and build up potential support for forthcoming proposals.

Various patterns of interviewing may be employed In reconnaissance or in the general course of analysis, particularly well informed and communicative individuals can be spotted and listed according to the types of information in their possession These sources can then be exhaustively tapped at a later point.

Another approach is to start at the top of the organization and move down through the hierarchy as far as is necessary to get an adequate story. Interviews at the higher levels stress objectives, program, the general organization and flow of work, external relationships, and supervision. As interviewing proceeds downward through the agency, increasing detail is obtained on the distribution of work, the nature of the activities being carried on, the sequence of operations, and working facilities and their use. This system permits working through channels and makes it easy to locate each successive piece of information in its proper place in the larger administrative setting.

Interviews can also be used to trace through a procedure by asking each

[24] *Cf* Bingham, Walter V and Moore, Bruce V, *How To Interview,* 3d ed, New York: Harper, 1941

[25] See Tiffiner, *Research Methods in Public Administration cit* above in note 21, p 179 *ff*

person who successively participates in that procedure what he does and how, or by retracing a specific completed action by asking each person what happened at his point of the operation. In the course of interviews, the skilled analyst looks at working papers, observes the actual operations, and brings into play other aids to analysis.

Obviously, the interview will not often produce confessions of omission or error. Also, significant details may be unintentionally overlooked by those furnishing information. Certain administrative operations representing the best or the ideal performance may be confused with the more typical ones. Spot experience may overshadow and distort customary day-to-day operations. The skilled analyst must undertake to compensate for these weaknesses in testimony as he recognizes or suspects them.

Interviews need to be carefully scheduled and thought through in advance if the required information is actually to be secured. A check list of points on which information is desired must be prepared and a line of questioning planned which will develop this information. The interviewer should also be forearmed with knowledge about those he is to question so that he will not be in the dark in devising his approach. The success with which the interview relationships are started will have an important bearing on the fruitfulness of subsequent conversations. Close attention needs to be given to the atmosphere engendered in the first conversation.

Helpful hints to the interviewer would include these: Try to see each individual privately; encourage him to talk; be sympathetic and a good listener; don't try to give offhand advice; make an effort to get operators to define their problems and to state what they think should be done about them.

If the interview is skillfully handled, it will be possible for the analyst to win acceptance as one who can help management solve its problems. He should also succeed in stimulating thinking by the operators. When pertinent to the interview, illustrations of principal forms and procedures should be collected and tied into the interview notes. The interview is more than an assembling of opinions; it is aimed at securing facts through conversations. Complete notes, including captions or headings to facilitate future references, should be made after the interview on the basis of the project outline.

Observation of Operations. Direct observation of what is happening is one of the more obvious analysis tools, but unfortunately one that is too often neglected. Observation enables the analyst to see operations in relation to each other—a street-paving crew at work, or a group of file clerks classifying, sorting, storing, and pulling papers. A walk through an organization with a guide can be a big reconnaissance help in judging *prima facie* the performance of operations, in acquiring an awareness of employee attitudes and the cordiality of relationships between supervisors and the rank and file—in other words, in getting the feel of the place.

In any survey, observation is essential to an appraisal of the physical layout and the use of working tools. It is a major element in any motion study in which an individual operation is viewed again and again to break it down into a phase sequence of action or inaction. Sometimes the motion-picture camera is used so that the operation can be reviewed repeatedly in slow motion. Looking at what is done by each employee who participates in a procedure is one way to trace the flow of work through an organization. Sitting in on staff conferences or meetings is another type of direct observation—one in which primary emphasis is upon listening, rather than upon looking.

Understanding through observation becomes increasingly difficult when an individual's activities are diversified or variable or when activities are incompletely reflected in actions or words. Looking or listening will not help when the object of study is a man sitting at his desk formulating policy. Even though he sees and hears, the skilled analyst also recognizes that in many situations he may misunderstand or misinterpret elements of the transaction unless he uses other analytical tools as well.

Review of Communications. A great many devices have been worked out and applied successfully on repeated occasions in breaking down the flow, distribution, and accumulation of work.[26] One of the best of these is the review of working papers, either in storage or as they flow through a distribution center, usually the mail room. Precise, first-hand information on the kinds of things handled, what is done with them, and the distribution and flow of work can facilitate judgments on methods, organization, and procedure, and can aid in figuring out what changes need to be made.

It can also be of help in identifying the level of difficulty of different types of work. It can reinforce findings and nail down recommendations. It can help the analyst to avoid the overgeneralizations, misrepresentations, or omissions that may come from sole reliance on secondary sources or personal interviews. Working papers also may be analyzed in order to simplify communication. Opportunities for form letters, check lists, and other time-saving devices can be located after such a study.

On the other hand, reading files or correspondence can prove to be an inordinately time-consuming method of administrative analysis. For many activities, moreover, working papers provide an inadequate reflection of the operation—for instance, street cleaning, bridge building, across-the-counter customer service, packaging, filing operations, conferences, and telephone conversations. Working papers may contain only the end product or otherwise fail to reflect fully what is done and why.

Work-Load and Work-Measurement Data. The gathering and interpretation of statistics play an important part in administrative analysis, par-

[26] Reference may be made to Glaser, Comstock, *Administrative Procedure*, Washington: American Council on Public Affairs, 1941, offered as a "practical handbook for the administrative analyst", and to Barnes, Ralph M., *Work Methods Manual*, New York: Wiley, 1944.

ticularly in connection with measuring the work passing through organization units, in evaluating the effort required to perform tasks in a certain way, and in arriving at a conclusion about the efficiency of operations. Work count, work measurement, and cost-analysis techniques are all part of analysis. By drawing together significant figures it is possible to isolate and identify administrative bottlenecks upon which attention should be concentrated; point up defects in the existing allocation of functions; reveal periodic peaks and valleys in work load which can be eliminated by rescheduling or by rearranging work assignments; disclose unbalance in the distribution of work; discover unnecessary operations; and frequently support recommendations by a showing of savings in time, money, or work requirements.

In addition, administrative results often can be tested against statistically developed standards of performance and accomplishment. Many functions of municipal government have been closely related to standards of cost accounting or work measurement. Less has been done at the federal level that is worthy of the name of cost accounting or work measurement. Interest is developing, however, particularly in the area of administrative services.

Charting Devices. Much help is available to the analyst in the various kinds of charts, pictures, and diagrams that have been developed to facilitate the clear recording of data and to speed up the process of communicating ideas.[27] To show a succession of operations, a wide variety of charting devices has been evolved.

The organization chart is commonly used to show the basic allocation of functions, the hierarchy of responsibilities, and at times the number and classes of employees performing each main function. The work-distribution chart pictures detailed individual work assignments of the first-line operating unit. There is the work-flow chart, portraying the general sequence of major activities through the organization. The process chart gives a picture of the detailed, consecutive, individual operations, transportations, storages, delays, and inspections by which a job is done. The right-and-left-hand chart or the simo-motion chart can be used when a breakdown of the work movements of one individual is in order.

In analyzing working arrangements and the utility and layout of facilities, pictorial diagrams can vividly present the individual or group operation. Space analysis becomes much easier with a layout diagram. Lines showing the flow of work or the number and types of personal contacts in a given time period can clearly reflect possible defects in existing physical arrangements.

Reports. Throughout the course of analysis, facts are mentally organized

[27] An excellent presentation is to be found in Finley, Harold A., "Principles and Methods of Work Simplification," in *Proceedings of the Life Office Management Association*, p. 227 *ff.* New York, 1943. See also United States Bureau of the Budget, Management Bulletin on *Process Charting*, Nov., 1945.

and related to one other, to past experience, and to previously accumulated knowledge. In any substantial fact-gathering, however, some systematic recording of data is necessary. This is done to facilitate either the development of findings and recommendations or the communication of ideas.

Data must be organized to fit the audience if recommendations are to be accepted or effected. Will the top executive or line operator absorb and understand proposals most easily through conversation, charts, pictures, a brief written summary, or a lengthy report? Does he like to get right down to proposed changes or does he prefer first to think through the facts or consider the existing defects? What subjects or ideas attract or repel those who must decide upon or put into effect survey recommendations? The answers to these questions should control the organization of report materials.

In addition, questions of timing will have a bearing on the way in which the materials are brought together. Should conclusions and recommendations be presented as they are developed, and agreements be reached stage by stage, or should the story be presented as a whole at the end of the project? If the latter, should the report be offered as a finished product or should there be submission of a tentative report subject to revision after discussion? Whatever the decision on tactics, it is highly desirable to obtain agreement on findings before presenting conclusions, and on premises and conclusions before presenting recommendations.

In submitting the report, plans need to be thought out for the implementation of the proposals. This may require establishing a special unit within the organization surveyed to carry forward the recommendations; or seeing to it that special staff is employed to do the job; or temporarily transferring some of the analysts who did the study to the agency or unit studied. Continued participation by the study group may be required to install new devices or methods; to work initially with the agency or unit; to prepare action documents for effecting changes; to revise procedures; or to take over an operation temporarily as a demonstration. Whenever possible, it is desirable so to arrange matters that the proposals will be adopted by the line operator as his own. Maximum effect cannot be derived as long as the product remains that of an outsider.

4. Basic Resources in Management Improvement

Qualifications for Analysis. Three types of abilities and backgrounds are important in the formulation of sound administrative proposals. The first is an understanding of administration. The more an individual knows about public administration and the more experience he has had in dealing with organization and method problems, the better fitted he is to analyze a new problem. He knows the kinds of things that give trouble, the points of friction, the bottlenecks, the telltale evidences of an effectively or ineffectively operating organization, and the arrangements that generally work out well.

Skill in the actual process of observation and analysis is the second essential. This is partly an innate ability and partly a matter of training and experience. If one is schooled to look for possible improvements and is trained in analytical methods, he can quickly broaden the value of his observations and expedite his gathering and assimilation of the facts.

The third personal characteristic required in the development of more effective organization and methods is judgment. The individual must be objective in his view of life around him or of the particular situation with which he is dealing. He must have the ability to see both the forest and the trees. He must also have a flair for developing practical solutions and getting them across. This involves a great deal of human understanding and instinctive behavior if situations are to be interpreted accurately.

Skill in Human Relations. Underlying all such personal requirements is the need for skill in human relations. The analyst is constantly searching for operating arrangements in which individuals are able to act more easily and effectively. It may even be said that administrative analysis is, in large part, psychological analysis.

Psychological factors enter into the survey process all along the line. Fact-gathering involves face-to-face contacts. There must be cultivation of good relations to build up useful sources of information and ideas. The productivity of interviews will depend to a degree upon how well one responds to the reactions and attitudes of the individuals interviewed. Discussion of ideas or proposals couched in the language in which an individual thinks and feels may transform his opposition or indifference into cooperation or, at least, receptivity. This is particularly important in dealing with administrators and supervisors who must pass upon or apply the recommendations developed. Finally, recommendations may have to be made in the light of major personality factors in the organization.

The competent top administrator, the supervisors at the various levels in the hierarchy, and the administrative general-staff personnel are all in need of these abilities. The latter—the administrative assistant, the budget officer, or the administrative-planning officer—will find competence in administrative analysis their principal stock-in-trade. Their whole day is devoted to observing, diagnosing, evaluating, stimulating, and recommending. As they become masters of the techniques, they will be able effectively to accomplish in a week—and perhaps in a more thoroughgoing fashion—what would take the unskilled analyst months.

The top administrator has insufficient time to analyze many problems. However, he will need to know of the existence of the various methods of identifying and overcoming difficulties. He will also want to be assured that the recommendations or the alternative choices submitted to him are the product of effective analysis. The able executive will bear these findings in mind in virtually everything he does.

Analysis also occurs as the administrator, with or without special staff

assistance, reviews the papers that pass over his desk and observes the organization's end product. The same is true of the rank and file of supervisors The lower the level, the more can the supervisor see at first-hand the detail problems that confront the organization and the better is his position to figure out solutions. But human beings function largely by habit; they get used to their surroundings and their established routine.[28] The supervisor who is constantly challenging his own methods of work and keeping on the lookout for better ways of doing it will be able to solve a mass of problems which the dull-eyed supervisor will never see.

Training Surveys. The methods of fact-finding or of surveying are frequently thought to be restricted to so-called experts and top administrative staffs. However, during World War II, fact-finding techniques were combined with training techniques in developing in first-line supervisors the skills necessary to carry out their portion of the total management job. Two outstanding examples specifically fit into our context.

One is the "J" programs discussed in the preceding chapter.[29] These programs were worked out with one primary aim in mind—to supply war industry rapidly with foremen in sufficient numbers and with sufficient ability to meet industrial expansion and increased production requirements. In using the "J" programs for purposes other than those for which they were designed, careful review should be made of both the individual program and the situation to which it is to be applied, so that any necessary adaptations may be made.

The second illustration is the work-simplification program, also previously discussed.[30] Work simplification has long been practiced by specialists. During World War II Lt Col John A Aldridge of the Quartermaster Corps Control Division, Army Service Forces, developed office-work simplification principally in terms of process charting and layout-flow charting. He did an outstanding job in introducing the gang-process chart as a device for analyzing material handling problems Basing its efforts on mass employee participation, the Quartermaster Corps saved 26 4 per cent of all manpower covered by the program for other assignments in the expanding war effort. The United States Bureau of the Budget added to the analysis technique of the process chart the techniques of the work-distribution chart and the work count, and packaged them in such a manner that busy first-line supervisors could be instructed in the use of these elementary devices in a few short sessions In the Office of Price Administration, savings of nearly $2 millions were reported after a concentrated effort on the basis of the bureau's program

Work simplification requires for its most beneficial use an interested

[28] *Cf* above Ch. 17, 'Government by Procedure," sec 1, "The Nature and Limitations of Procedure"

[29] See above Ch 19, 'The Art of Supervision,' sec. 2, "The Supervisory Skills."

[30] *Ibid* and above Ch 17, Government by Procedure," sec 4, "Creation and Criteria."

middle management and a competent expert or small staff of experts in administrative analysis to cope with problems supervisors turn up which are beyond the scope of their authority. The bureau's work-simplification training program, including the visual aids used, has been published by the Public Administration Service.[31]

Employee-Initiated Action. Administrative and training surveys are initiated by top management, and even work-simplification programs focus only on the first-line supervisor. What of the rank and file? Employee-suggestion systems have been instituted in many governmental units to bring about management improvements.[32] Employees are provided with forms on which they outline a proposed improvement, such as a simplified procedure, a new piece of equipment, a scheme for saving effort, or some better type of operation control. Sometimes financial awards are given; in other cases, reliance has been upon public citation. In the War Department, 10 per cent of the employees have participated each year in this scheme. From June, 1943, to December, 1944, cash awards of $653,762 were paid; 189,711 suggestions had come forth in this period. Annual savings from them were estimated at $54,930,931. In the Navy Department, savings resulting from employee suggestions were estimated at $15 millions a year.

The significance of employee-initiated action is not limited to cash savings. It rests also in the highly intangible but fundamental factor of improved employee morale. As each employee thinks of job processes on his own initiative, he tends to take greater interest in his job and to become more closely affiliated with the organization. This feeling is increased materially as employees are permitted to share in management discussions. Shop committees and labor-management committees composed of supervisors and employees have brought about better common understanding of problems arising on either side. Depending upon the underlying interest of management, they have contributed to effective settlement of many administrative issues.

Summary. In the last ten years, interest in better administration by responsible public officials and large numbers of rank-and-file government employees has multipled. This interest has taken the form of intelligent analysis of administrative problems, to the end that day-to-day programs are carried on more effectively and efficiently. Marked increase is noticeable in the development and use of sound techniques of analysis.

Programs of administrative improvement have literally spread like wildfire on the municipal, state, and federal levels of government. There is danger during an expansion of this scope that techniques may be applied to situations which actually do not fit the conditions. This is due to an understandable eagerness to try something that has proved successful else-

[31] Publication No 91, Chicago, 1945

[32] *Cf* also above Ch 19, "The Art of Supervision," sec 4, "Supervision and Employee Initiative"

where. Innovation for innovation's sake should be guarded against. Techniques should be adapted to specific situations. Only through experience tested in manifold ways can we gain useful generalizations.

The continuing growth of interest in management improvement generally must be based on a firm foundation of testing results and interchange of information. However, much remains still to be done in both these areas. The attempt to make available to first-line supervisors and employees knowledge of the techniques of analysis, and to open further avenues of wider participation in management should be fostered vigorously in order to secure closer communication of ideas between supervisors and subordinates throughout the entire administrative structure.

CHAPTER

21

Morale and Discipline

1. The Meaning of Morale

Components of Morale.[1] Leonard D. White has said: "Morale is both an index of a sound employment situation and a positive means of building an efficient organization. It reflects a social-psychological situation, a state of mind in which men and women voluntarily seek to develop and apply their full powers to the task upon which they are engaged, by reason of the intellectual or moral satisfaction which they derive from their own self-realization, their achievements in their chosen field, and their pride in the service."[1]

Thus considered, morale is obviously the very essence of successful administration. Whether the undertaking administered be an army, a public agency, or a private enterprise, it is clear that if its leaders aspire to sustained accomplishment of defined results, they must master the problem of morale both as a standard of appraising the effectiveness of their organization and as a technique of maximizing its *esprit de corps*.[1]

In the past decade, the elements of morale have been the subject of extensive exploration by both students and practitioners of administration.[2]

[1] White, Leonard D., "Administration, Public," *Encyclopedia of the Social Sciences*, Vol. 1, p. 446, New York: Macmillan, 1930.

[2] For a cross section of the best scholarship available on the subject of this chapter, see Tead, Ordway, *Human Nature and Management*, New York: McGraw-Hill, 1933, and *The Art of Leadership*, New York: McGraw-Hill, 1935; Follett, Mary P., *Dynamic Administration*, ed. by Metcalf, Henry C. and Urwick, Lyndall, New York: Harper, 1942; Urwick, Lyndall and Brech, E. F. L., *Thirteen Pioneers*, p. 48 *ff.*, London: Management Publications, 1945; Roethlisberger, Fritz J., *Management and Morale*, Cambridge: Harvard University Press, 1941, Roethlisberger, Fritz J. and Dickson, William J., *Management and the Worker*, Cambridge: Harvard University Press, 1943; Mayo, Elton, *The Social Problems of an Industrial Civilization*, Boston: Harvard School of Business Administration, 1945; Pearson, John, "Teamwork," in Morstein Marx, Fritz, ed., *Public Management in the New Democracy*, ch. 6, New York: Harper, 1940; Graduate School of the United States Department of Agriculture, *Administrative Management: Principles and Techniques*, Lancaster: Lancaster Press, 1938; Viteles, Morris S., *Industrial Psychology*, New York: Norton, 1932; Niles, Mary C. H., *Middle Management*, New York: Harper, 1941; Mosher, William E. and Kingsley, J. Donald, *Public Personnel Administration*, rev. ed., New York: Harper, 1941, Tead, Ordway and Metcalf, Henry C., *Personnel Administration*, New York: McGraw-Hill, 1933; Dimock, Marshall E., *The Executive in Action*, New York: Harper, 1945.

Identification of the components of morale, however, is still elusive despite common agreement upon several generalizations. These generalizations are at least useful terms of exposition. One is that the group climate must provide opportunity for individual self-expression by the members of the group. Another is that the cooperative context must furnish outlets for the individual's pride in his own workmanship. Still another is that members of the group must accept the purposes and values of the group as their own—that they have a sense of belonging to the group or of identity with it. These may be described as the individualistic bases of morale.

Of equal importance are those bases from which the group derives its own collective individuality and vitality. In many ways, the first among them is personal opportunity for creative participation in the formulation and pursuit of widely shared group objectives. Not only is it important thus to weld the individual member and the group together; it is also imperative that the group conceives of itself as serving the ends and goals of the larger community.

The highest morale has an intellectual as well as an emotional quality. Its intellectual quality results from emphasis upon information, understanding, and intercommunication, which rest in turn on genuine participation in institutional thinking, planning, deciding, and evaluating. These are the dynamics of morale Some observers have laid great stress on a more static component—that of the security of the individual within the group. Security, however, is more accurately a by-product, not a creator of group morale. Its overemphasis inevitably adulterates morale.

Not a few students have concluded that there are certain additional requirements for the maintenance of positive morale. They underscore the need for homogeneity in the purposes of the group. There must be, they say, at least the absence of inconsistency in group purposes, since contradictions produce stresses and strains destructive of group identity. To be sure, heterogeneity of purpose which engenders within the group a conscious and prolonged competition in the pursuit of irreconcilable objectives is hostile to morale. Yet the limits of tolerance may be fairly generous. The group thrives upon variety in points of view as well as upon unity. Of course, general agreement upon the master objective is necessary. However, constructive competition as to means, particularly as to those means which call for adaptation to time and circumstance, is a generator of morale—not its enemy.

Homogeneity in the composition of the group, it is argued, is also essential. Staff homogeneity with respect to age, ability, energy, and permanence is deceptively attractive, but it also may cause undue narrowness. The search should rather be for that fine balance of staff composition which gives to the group the efficiency which comes from maturity and the momentum which comes from youth.

Other writers have suggested that the group must have a conviction of

success—that is, accomplishments must stand out in terms of group purposes and be obvious to outside observers as well as to the group itself. Such conditions are usually beyond the control of the group, however. There is only a relatively brief time-span during which the group may be sustained by the near prospect of success or, in some rare instances, by the knowledge that the goal is distant but worth striving for.

Still other students have contended that morale depends upon the degree of successful and enduring indoctrination which the group receives. The validity of this contention is limited by the boundary between education and demagogy. Indoctrination is an instrument, the utility of which is linked to its educative quality and the soundness of its premises. Indoctrination is one thing, the character of the doctrine is another.

True Coin and Counterfeit. Morale is frequently confused with its counterfeits. The crowd has its moments of evanescent enthusiasm. The clan has its solid, introverted self-sufficiency. The clique has its conspiratorial intoxication. The caste, conscious of its exclusive membership, has its somber, pretentious symbols of unity. The gang has its exaggerated forms of self-importance.

These are not manifestations of morale in any meaningful sense. Morale is a significant term to those concerned with administration only when the concept has progressive social utility. To serve a progressive function in administration, morale must be stripped of its parochial values. It cannot have emotionally or intellectually neutral tones. In the administrative environment, the significance of morale lies: first, in its barometric function—its function as a psychological index of the net quality of management; and, second, in its instrumental function—its contribution of emphasis and method to the values of creative group effort.

In this perspective, group morale involves balance, flexibility, maturity, continuity, persistence against adversity, and capacity for constant renewal. Balance and maturity are the product of a total perspective of the group—its *raison d'être,* its objectives and goals, its concept of itself. Pursued too deliberately, balance and maturity become superannuation. The group perspective becomes a system of static stereotypes, empty symbols of a dead past Continuity in morale is still more fugitive, for morale is always less difficult to evoke than to sustain. Morale, as the spirit of the group, is a living thing To be sustained, it must be constantly renewed by the vitality of day-to-day relationships and operations.

Persistence against adversity is easily produced upon occasion, but its continuance is rarely encountered except in the counterfeit form of resistance to change. Nothing is so fatally easy to develop as rigid habit. It represents ease, familiarity, certainty, "security." These, however, are the attractive forms of false morale.

Morale is flexible. Flexibility and persistence of morale require the highest level of leadership. Such leadership brings forth constant participation

in the sharing of aims and plans, in judgment and evaluation, in adaptation to changed circumstances The group learns much more readily the opposite habits smugness, complacency, exclusiveness, attachment to some plateau of morale, rationalization of limited accomplishment, acceptance of the present unattainability of some peak that has been reached in its past. It is always tempted by the familiarity, comfort, and ease of old ways—the dead level of mediocrity

Democratic Implications of Morale. These generalizations about the nature of morale march clearly toward one major conclusion Morale is a democratic concept Fascism, Nazism, and Shintoism may have seemed very effective "morale" builders However, theirs was a brittle "morale," an unyielding spirit which when cracked was shattered As circumstances shifted, their rigidity of habit and attitude was unable to adapt

The product of indoctrination and repetition, this type of "morale" lacked understanding A response to authority, it lacked initiative, inventiveness, and imagination An intelligent and simultaneously persistent morale in a complex, changing world must be democratic. It must enlist voluntary and creative participation of each member of the group in the formation of group purposes and the attainment of group goals.

The essence of democratic morale is to be found in its accent on common knowledge, initiative, resourcefulness, and imagination throughout the group Democratic morale is built upon the free and constructive sharing by all members of the group in the definition and accomplishment of the group's purposes It seeks to evoke this participation through the art of leadership, not by authority, through the inner unity of the group, not by its division into hierarchical levels, through the dynamic drive of the whole group, not by requirements imposed by command The literature of morale probes into the wellsprings of human motivation and response Its findings are decisive in the endorsement of democratic premises, conclusive in the indictment of the uses of self-centered authority and the ephemeral effects of involuntary participation

Doctrinal Counterinfluences There is still great need in the public service for the development of an understanding of morale in its most positive forms We have depended too long upon the lawyer and the engineer to provide the master theory of human relations in public administration As the main if unacknowledged craftsmen of administrative doctrine, they have labored mightily to repair the defaults of others, but they have not been equipped to do the complete job. The concepts brought forth in both quarters have been equally congenial, equally plausible, and equally false. What they have produced is not a democratic theory of administration, however much their literary efforts have been sweetened with the strategic use of such words as "American" and "democratic." Fundamentally, their product has tended toward authoritarian dogma.

The proof is the doxology implicit in contemporary theory of public

administration. Its most ancient and revered precept is that the state is sovereign. It follows that not only are those who live within the state's boundaries inhibited by the near-divinity of rigid forms, but also and especially that those who work for the state are required to respect its sovereignty. The influence of this concept is universal and subtle on all the premises employed by the architects of administrative doctrine. The concept of internal sovereignty has provided the alchemy by which the authority and the unilateral prestige of the abstract state has been transferred to all those who command the enterprises of government.

The lawyer is prone to construct an administrative universe out of a logic concerned with the right ordering of words on paper, a process to which human behavior and human motivation seem irrelevant. The engineer looks to the efficient manipulation of materials—blocks of stone, bars of steel, and the more mysterious action and reaction of molecule and atom, light and sound. Human behavior may appear to him as an equilibrium of forces He is apt to forget that in administration these forces are animate and impulsive. To both the lawyer as an artisan of words and the engineer as a manipulator of materials, authoritarian concepts of administration have seemed necessary and virtuous. Each has found the tradition and the myth of the sovereign state convincing as an article of faith and convenient as an instrument of command.

No less influential has been their elaboration of hierarchy as indispensable and immutable. Hierarchy is seen by them as the alternative to disorder. The natural place of hierarchy as one of the methods of group action has been exalted to a higher status—that of the central instrument of organization to which all other means are subordinate. This elaboration has obscured the fact that, whatever its convenient and proper uses, hierarchy may operate as a negation of democracy and as an adulterant of morale.

In the theory of public administration, the derivatives of hierarchy take many forms. One of the most universal is the organization chart, used to produce that illusion of symmetry and finality which seems to give the lawyer and the engineer great emotional satisfaction. But the organization chart alone, whether made manifest in visual or verbal form, fails to provide a sufficient cloak for the needs of authority. Consequently, there is the enshrinement of the written procedure and the directive. These, however necessary they may be as pragmatic means, may also be used to spell out in persuasive and impressive ritual the abstract implications of hierarchy and the inarticulate lesson of the organization chart.

The language of the chart is usually the language of authority and command, rarely the language of leadership and collaboration. "Span of control," "chain of command," "final authority"—these are familiar figures of thought. The political scientist and the student of public administration—not yet entirely free from intellectual subordination to the lawyer and the engineer —have added still other verses to the authoritarian doxology. Their devo-

tion to the concept of hierarchy has been expressed in the creation of additional pillars of authority—notably the staff office as a device of control to police the organization and to guard its procedural supports.

Impact of Military and Business Prototypes Other and powerful influences have abetted the growth of authoritarian administrative theory. Prominent among these has been the imitation of military administration, reflected most clearly in the structure and habits of agencies concerned with public safety. In these enterprises appear, in most complete form, the trappings of command represented by the varied insignia of grades of authority. Moreover, the military tradition exerts its influence in many other administrative areas in more subtle ways

Even more pervasive and influential in public administration has been the example of private enterprise Here the concepts, forms, and usages of authoritarian management have been less softened by the impact of democratic pressures. In this area of human effort, authority and hierarchy pay more immediate dividends In fact, so conclusive have been the dividends that few theoretical concessions have been made, and in even fewer instances has practice bowed to democratic premises. The literature of private management, indeed, shows very few of the doubts of hierarchy and the marks of democratic aspiration now found in some of the writings on public administration. Despite this fact, most of the pleas for ratification of new methods in public administration still seek the endorsement of private-enterprise analogy. Applied without reference to social values of public service, the dogmas of efficiency and economy, for example, are undemocratic. Yet they are consistently invoked by the theorist and practitioner of public administration as the main rationalization, or at least the protective coloration, for almost every formula of improvement.

These are the principal but not the only barriers to the development of a fruitful theory and a productive methodology for the stimulation of morale in the public service The task is no less than the rediscovery of the basic assumptions upon which the democratic experiment began, and their laborious application to the habits of management in all our public enterprises. Its difficulty lies not only in the birth-pains of new concepts but even more in the repudiation of the seductive nostrums of authority. For the latter have acquired the benediction of "common sense" and common prejudice.

2. Building Group Morale

Basic Premises. We frequently forget that democracy is a comparatively new and a still timidly applied concept. In the eighteenth and nineteenth centuries it meant primarily the rule of the majority. It was associated with the political and legal forms of the ballot, a representative legislature, a written constitution, and a bill of rights These institutional developments were the more obvious expressions of deeper changes in other aspects

of life. Among them were the collapse of feudalism, the rise of industry and trade, and the establishment of a free market. The entire transformation had the effect of dissolving the bonds of tyranny and opening the channels of initiation and invention to large groups that were hitherto bound by authoritarian controls. The enormous growth of America was due largely to the existence of conditions which released the innovative spirit in so many of our people.

Yet the ideas, attitudes, and customs of authority persist. Orthodox doctrine of military organization and discipline still reflects a command system Administration in industry, government, and education continues to lean heavily upon formal authority. Thus, as our life has become more highly organized into official and private groups, the dead hand of the past still lingers. Group life remains encumbered by the theories of organization and administration which developed in a feudal civilization. We have yet to win our complete independence from the past.

The more democratic life of America—as well as the psychology and the methods of the scientist, the artist, and the inventor—has revealed the deeper resources of responsibility when men and women have an opportunity to be themselves and join with others in pursuit of common goals We still have much to learn of the potentials of human beings and how to realize those potentials. That is an important part of the future of democracy. Administration must learn to substitute imagination, invention, understanding, and persuasion for authority

New Methodology. A new theory, a new language pattern, a new intellectual climate, a new methodology will not be the full-blown product of tomorrow's labors. Instead, its realization will more probably flow from the slower currents of many partial contributions to a new "common law" and common practice in administration. This common practice already has had its promising beginning.

There is cumulative evidence to show that the student and the practitioner of administration are each growing conscious of the roots and the processes of behavior and motivation. Preliminary borrowings and tentative applications of the findings of the psychologist and the sociologist are becoming more frequent. In some of the literature and in some of the practice of administration, the shift in emphasis from the language of authority to the language of democracy is quite pronounced.[3] In others, the inconsistency between the articulate premises of authority and the inarticulate premises of democratic management is not yet clearly seen. The forms and practices of democratic management have, instead, been engrafted with greater or lesser skill upon the unchanged forms and habits of authority.

Even these latter instances, however, are signs of progress. The dynamics of

[3] See especially Lilienthal, David E, *TVA Democracy on the March*, New York Harper, 1944; Clapp, Gordon and Others, *Employee Relations in the Public Service*, Chicago Civil Service Assembly, 1942, Follett, *op cit* above in note 2

morale, once even partially released, tend to exert their own educative force. In still other situations the new patterns are applied uncritically, and often for management's transient or self-serving purposes. Although such applications are in the main unsuccessful and frequently self-defeating, they too on occasion have a value not without parallel to the process by which, in private enterprise, the company union sometimes finds its way to independence and maturity.

Teamwork. The methodology of morale now includes a list of techniques of respectable length and depth. Most of these have been tested in the fires of application. Their worth and uses are consequently known to sophisticated observers and practitioners. Distinctly prominent are the several devices by which the concept of "the team" is gradually being substituted for the unmitigated concept of hierarchy. These devices are the most promising, although the most difficult to apply. Their great value lies in the fact that they strike at the basic causes of static morale. Without them, other devices are restricted to marginal influence upon morale improvement.

Methods for establishing "the team" as the action group in public administration are many and diversified. One complex of methods is designed to increase the forms and content of communication among all levels of the organization, emphasizing especially the two-way function of the channels of communication.[4] Staff indoctrination is thus perpetuated and transformed into group consultation. Lines of command become the machinery by which preliminary goals are set, revised, agreed upon, and made into group objectives and standards of accomplishment. Staff meetings—sterile institutions under the literal premises of hierarchy—become dynamic centers of high morale as skill and sincerity are nourished through their successful development.

The written word in the process of communication is no less important. When the reports of progress and achievement and the assignments of general and specific tasks are consciously used as instruments of consultation and participation by and for the whole group, their value to morale becomes immeasurably positive. In creating and renewing morale, the need for constant invention is imperative. The task of the leader is the imaginative search for new forms of communication and the modified use of old forms. It is equally his assignment to avoid dependence upon once successful devices which have lost their sharp edge or have been made inappropriate by time or circumstance.

Leadership. Another category of morale methods is the group which

[4] For two suggestive expositions of the purposes and the art of communication, see Corson, John J., "The Role of Communication in the Process of Administration," *Public Administration Review*, 1944, Vol. 4, p. 7 *ff.*; Federal Security Agency, Social Security Board, Training Bulletin No. 2, *Making Staff Meetings More Useful*, Washington, March, 1946 (mimeographed). See also above Ch. 18, "The Tasks of Middle Management," sec. 2, "Supporting Top Direction."

recognizes the differential functions of the several levels of an organization in the creation and maintenance of morale. These methods identify the subtle role of leadership in its various forms and grades of responsibility—in particular the executive task, the special contribution of middle management, and the crucial role of the first-line supervisor. The metamorphosis from authoritarian to democratic management depends almost exclusively upon the skill with which the commander transforms himself into the leader. All the pressures of convention and all the lines of least resistance move him toward the continued use of formal authority. Nevertheless, he must *want* to be the leader rather than the commander.

The role of leader is more difficult than any other. Except by the ob sessed or the inspired, it is therefore reluctantly adopted. The leader has no vacation from his task, no gadgets to manipulate defensively, no alibis available.[5] Despite his greater satisfactions with success, he must constantly practice the art of anonymity in his methods of leadership Otherwise he becomes the "big boss" All this requires a sense of dedication rarely en countered in the market place of traditional managers and supervisors The finding and training of leaders is, accordingly, one of the main burdens of those who aspire to promote the growth and universal extension of democratic management

The specific elements of leadership appropriate to democratic group-performance have received little more than peripheral attention in management literature. The by-paths of military and other authoritarian traditions have proved too inviting. Jefferson's precepts, long neglected, are only now tardily being taken up The discoveries of the psychologist are only now verifying democratic premises Small beginnings are only now spreading into more confident application on broader scenes Among these, the experiments undertaken by the Tennessee Valley Authority deserve pioneer status Other efforts await only the conclusive evidence of their success and merit.[6]

Group Development The following excerpt from a kit for supervisors issued by the Office of Price Administration is a good example of documentation of the emerging tendencies for the promotion of leadership and self-development

MARKS OF SUPERIOR GROUP PERFORMANCE

> The press of operational responsibilities commonly diverts attention from our leadership role Moreover, leadership is such a personal matter that it is difficult to evaluate objectively Yet it is leadership that transforms a number of individuals into a team, and it is only as a team that we and our staff can effectively discharge our responsibilities

[5] See particularly Tead *The Art of Leadership cit* above in note 2, Stone, Donald C, "Notes on the Government Executive His Role and Methods," *Public Administration Review*, 1945, Vol 5, p 210 *ff*, Niles *op cit* above in note 2

[6] See, for instance, the ideas developed by Bradford, Leland P and Lippitt, Ronald Building a Democratic Work Group *Personnel* 1945 Vol 22, p 142 *ff*

The best way to study our leadership is to measure it against the performance of our group Following are some criteria of group performance. It is not assumed that many groups will rate high on all items. These items can, however, help us to analyze the performance of our group and our success as their leaders. Upon the basis of such an analysis, we may discover ways in which our leadership should develop.

A. *Employee Performance*

1 The members of the staff show initiative, resourcefulness, and imagination in dealing with problem situations. They are skillful in analysis of problems and inventive in solutions

2. They have a whole hearted interest in their work and a sense of responsibility, not only for their individual job, but for the programs of their shop and the agency as a whole

3. They are eager to learn and grow in their job They know what they need and want to learn and why they want to learn it

4. Employees have confidence in themselves but at the same time are objective, analytical, and critical about their performance.

B. *Supervisory Performance*

1 The supervisor encourages employees to make suggestions, develop ideas, and plan for improving operations He helps them test out and evaluate objectively their suggestions and ideas, and where possible accepts and acts upon them

2 The supervisor depends more upon the employees' attitudes toward their work as disciplinary controls and less upon his own authority and arbitrary "dos' and 'don'ts."

C. *Relations Within the Group*

1. The staff works together cooperatively as a team with a large measure of common understanding and common purpose Each member shares actively in group decision, policy making, and planning. He sees his individual job in relation to the total program

2. There is mutual respect and friendliness among supervisors and subordinates They are interested in each other as persons The work atmosphere is cordial and congenial

It might be helpful from time to time to rate your group on these items, using a scale from 1 to 5 In this way you can note improvements in your leadership.

Working Together No less productive of morale than are teamwork leadership, and group development are the constructive gropings for collaboration between public management and the organized rank and file of the group. The weight of the old approach here, of course, as in private management,[7] has been toward the antithesis of collaboration. The tradition of authority and command in management has generated a reciprocal tradition—the grouping of employees into combative and hostile organizations. The authoritarian attitude has met employee aspirations for active participation in the whole administrative process by many types of resist-

[7] For a significant departure from this tradition, see Walters, J E., *Personnel Relations*, New York Ronald Press, 1945

ance and defense. The sovereignty of the state has been freely invoked. The techniques of paternalism have been widely used. And when further ramparts were needed, public management has marked out narrow jurisdictional areas of employee consultation.

Government-employee organizations have tried to defeat these tactics with countermeasures of open or concealed warfare. The result has been, generally, that morale was sacrificed upon the altar of authority. Slowly, however, the rank and file have pushed forward the boundaries of recognition. As concessions have gradually softened the forms of resistance, collaboration has brought forth some of the minimum conditions of democratic management. Particularly in the last decade have the habits of formal relations and hostility been progressively abandoned.

Substantial headway has thus been made toward the removal of negative factors, but only fractional advance has occurred in the development of machinery for fruitful employee partnership in public administration. Negotiation, rather than participation, is still the order of the day. There is real promise, nonetheless, that progress may now be by geometrical progression. Certainly the ferment of increased collaboration in strategic areas is fully at work. Both management and union now need to give their energies to the invention of efficient and economical machinery by which the rank and file may contribute their maximum responsibility to the attainment of higher group morale [8]

Union Attitudes. An illustration of employee thinking about conditions of good morale is the following statement published by the National Federation of Federal Employees, a body not affiliated with either the American Federation of Labor or the Congress of Industrial Organizations [9]

HINTS FOR GOOD ADMINISTRATORS AND FOR GOOD FEDERAL EMPLOYEES

Administrators	*Employees*
Fight for your employees. See that they get a square deal. Be loyal to them.	Fight for your supervisor. See that he gets a square deal. Be loyal to him.
Promote your employees as rapidly as is justified and possible.	Boost your employer's stock.
Promote one of your own employees, an insider, to new and available jobs, do not bring in outsiders and place them above insiders of equal efficiency.	Work hard to improve your efficiency so as to become qualified for a better position.
Promote insiders of greater seniority over those of lesser seniority, provided the qualifications are equally good.	Be alert to promote objectives of your service at all times.

[8] For evidence of this progress in theory and practice, see Clapp, *op. cit.* above in note 3. National Civil Service League, *Employee Organizations in the Public Service*, New York, 1946. Golden, Clinton S. and Ruttenberg, Harold J., *The Dynamics of Industrial Democracy*, New York: Harper, 1942. See also below Ch. 24, "Personnel Standards," sec. 6, "Employee Relations."

[9] *Federal Employee*, 1945, Vol. 30, No. 2, p. 8 (by permission of the editor).

Administrators	*Employees*
Be economical, but remember the best economy is a staff of good workers, well paid, possessed of high morale, and effecting maximum production	Help to get the job done with the greatest economy of materials, time, and energy
Know your people personally, as many of them as possible Take a personal interest in their welfare	While no employer likes an apple polisher, the employee should go at least half way Supervisors are human.
Avoid issuance of conflicting instructions When new work assignments are made, check on previous obligations already assumed by those to whom the orders are issued	If impossible assignments are received, tell the supervisor quickly Do not apologize, make excuses, or alibi when work is not done
Insofar as practicable explain the reasons for things, but do not argue	Call possible improvements to the supervisor's attention, but do not argue Go ahead and get the job done to the best of your ability
Eliminate dead end jobs They are a sign of ineffective organization	Do not be satisfied with any dead end job Build up your qualifications so that you can advance
Be prompt to transfer reclassify, or separate from the service any unsatisfactory employee Do not blame anyone but yourself if you have such employees in your administrative unit	If your record is unsatisfactory, cooperate with the responsible administrator to secure a transfer, reclassification, or separation from the service so you can find your proper place
Encourage organization and cooperation on the part of your employees in unions for improvement of working conditions and social and economic welfare, credit unions, hospital guilds, or other groups Go in with them if the rules permit Show them your interest and give them your help	Join and promote employee cooperatives such as unions for improvement of working conditions, social and economic welfare, credit unions, hospital guilds and the like.
Take your employees into your confidence Hold frequent conferences Keep in touch with your personnel office	When you have a grievance take it to the supervisor first Give him a chance to straighten things out
Make the most of yourself and your outfit Folks like to work for a successful administrator, strong enough to get the job done, protect his employees, and advance his organization	Give individual loyalty to employer and organization Put all you've got into it, so it can really get the job done and advance
Cut out all possible red tape, but retain control of all operations so the work will advance effectively and with certainty.	Pay meticulous attention to actual paper requirements. A certain amount of red tape is essential to the smooth functioning of a large organization After all, your salary check is paper work! Let the supervisor know when you discover a valid short cut

Incentives. Much attention and experimentation have been given to a class of morale methods which are concerned with identifying and using systems of incentives and rewards Conventionally, two types of incentives and rewards are identified—the economic and the noneconomic. Extensive analysis, particularly in private management, has tended to establish the fact that in individual motivation these two are not only inextricably mixed but that they also have approximately equal significance. In public employment, it has been assumed that nonfinancial incentives count more heavily than financial Security, the prestige of public service, the evolution of career systems, and the use of objective standards for individual advancement have all been offered as substitutes for higher monetary awards in private industry

The sharp limits that restrict the validity of this thesis have led to the introduction, in more recent years, of various additional financial and nonfinancial incentives for public employees Salary increases for meritorious service and cash awards for outstanding employee-suggestions have become regular features of administrative practice Nonfinancial incentives have also been increasingly emphasized Official recognition of distinguished service has been formalized in service awards and other official documents and insignia Most incentive systems, whether financial or nonfinancial, are still in rudimentary form. This is due mainly to awareness of the fact that they are only supplementary morale devices. As such, however, they warrant fuller elaboration

In the absence of more basic morale generators, incentive systems serve largely to ameliorate the harsher forms of administration and to provide management with "showcase" demonstrations of democratic intentions Under these conditions, they invite and receive the suspicion or indifference of the group rather than recognition as important parts of the work environment In another setting, governed by good will without valor, incentive systems may represent superficial comprehension by management of the basic factors in human motivation When offered as a deliberately contrived but measured concession to democratic management, such systems invariably disappoint their creators Only as a *bona fide* expression of genuine effort toward democratic management are they worth the cost of installation and administration[10]

Performance Standards Incentive systems point the way toward a more important method of morale improvement The work group needs, and will invariably respond to, objective standards of performance These must be standards agreed upon by the group, not simply the *ex cathedra* standards of management Here again, the process of creation has been slow.

Standards have been characteristically established by statistical averages, by the pace-setter in the group, by "time studies," or by the standard of

[10] See Roethlisberger *Management and Morale, cit* above in note 2 See also above Ch 19, 'The Art of Supervision, sec 5, Supervision and Employee Initiative

maximum profits. These are not the standards which increase morale. Standards useful to morale are those whose logic and reasonableness appeal to the group—those which have been set by the process of participation and agreement within the group. Standards arrived at in any other way invite sabotage of quality if not of quantity of performance.[11]

Production standards, though frequently used as the main test of morale, are in fact deceptive instruments of diagnosis. Production is the resultant of many variables Low production is the sign of pathology in collaboration. But a complete diagnosis may require scrutiny of the total environment of the group Effective therapy as a rule involves correction of the modes of organization and of the exercise of authority by supervisor and manager. Only such correction may release the creative potential of the group.

Essentiality of Purpose In public administration, the manager and the supervisor have at hand a morale potential greater than that tapped by any of the methods thus far mentioned. Theirs is the rare opportunity to use the ends and purposes of society in their direct relationships to the objectives of the groups they lead. Public service can be seen as an indispensable means by which the community attains its aims

Participation in an economic stabilization program, for instance, whose effects reach every American—indeed help determine world prosperity—has a significance beside which merely private objectives pale into sheer inconsequence. The same is true of participation in a program of social security, in the definition of the rights of labor, in a program of service and information to American business, in the conduct of foreign affairs. All these undertakings are charged with such implications that when employees are aroused to the importance of what they do, the effect upon morale is electrifying.

Unfortunately, too many public employees are helped to see only a little way beyond their own desks. Their activity becomes a dull routine; their self-esteem is smothered by hard layers of hierarchy. Thus is lost a great and everpresent morale potential.

3. The Modes of Discipline

Aims of Discipline. The modes of discipline are best appraised in the perspective of democratic management Thus viewed, they obviously represent techniques for handling the crises flowing from the breakdown of morale. Too often discipline is relied upon to bolster the edifice of command, to control the deviations from established authority, and to induce conformity as a substitute for agreement. When the modes of discipline

[11] For the most interesting and promising recent approach, see United States Bureau of the Budget, *Work Simplification as Exemplified by the Work Simplification Program of the U S Bureau of the Budget* Chicago Public Administration Service, 1945, Publication No 91 Morstein Marx, Fritz, Looking at Under-all Management," *Public Administration Review* 1944, Vol 4, p 368 *ff*

are employed for these purposes, the frequency of their use supplies an index to the state of group morale. Conversely, self-enforcing discipline is a function of high morale.

However, even within the framework of democratic management, machinery of discipline has its place. As first aid to treat the failures of leadership or of individual performance, discipline may provide the starting point for constructive morale action. This means that the most important matter about discipline is the purpose and the manner of its use. Purpose raises the question of the major premise of discipline. Is it to preserve the structure of command? Or is it to contribute to the improvement of group cooperation and morale? These are not so much inconsistent premises as they are competing emphases. The problem resolves itself into the question: Which is major; which is minor?

The fact that the traditional pattern exalts the relation of discipline to command has compelled the growth of many ameliorative safeguards—formal statement of "cause" of disciplinary action, right of hearing, right of appeal. The more conventional literature of discipline puts stress on these safeguards without giving much consideration to the premise which makes the safeguards so necessary. The current task is to infuse into the subject the fresh vitality of the new concept of democratic morale.

A more positive approach to discipline would treat it as the systematic development of the understandings, values, skills, and attitudes involved in effective participation in institutional processes. Thus, discipline would assume an educative rather than a punitive function. Here we could perceive once more the sharp distinction between the democratic and the authoritarian versions of administration. We should remind ourselves that morale entails balance, flexibility, maturity, continuity, persistence against adversity, and capacity for constant renewal.

Such morale comes only from untiring and positive discipline in the arts and manners of participation, of teamwork. Discipline in this sense is a product of democratic leadership that concentrates on education, persuasion, and consultation rather than on authority and control. The disciplinary techniques of the reprimand, the demotion, the dismissal, together with efficiency rating, assume their proper and relatively minor roles of complementing the positive appeals of leadership.

Disciplinary Restraints In the public service, discipline is also represented in other institutional forms. Traditionally, these take the shape of more or less restrictive codes of behavior imposed upon the employee by statute or civil service rule, or by norms of conduct originating in the atmosphere of popular suspicion and fear which government has inherited from its authoritarian past. Such codes are dubious instruments of discipline since their more drastic provisions have no roots in agreement or acceptance by those whom they are intended to control.

Legal devices to hold in check an imagined menace of bureaucratic

partisanship in politics or to neutralize the democratic influence of the government employee in his role of private citizen, may have demoralizing effects. Significantly, action under these codes tends toward occasional peaks of excited application and longer valleys of desuetude.[12] In the larger perspective, formal disciplinary clauses often fail in their positive purposes and simultaneously retard the growth of democratic morale in many areas. Far more important are the standards of self-restraint and propriety that emerge naturally in the consciousness of a career service.

Political Aspects. Disciplinary rules usually prohibit public employees from playing a part in political campaigns and in party management, aside from defining the scope of their freedom to make political contributions. To some extent, these rules have a protective intent—to reduce political pressure on government personnel. However, injunction and protection may often overlap in strange ways.

As an example of the dilemmas posed by the traditional codes, the following statement by a member of the United States Civil Service Commission before a congressional committee on employee activities which "may in a sense be political" but are not prohibited by either the Hatch Act of 1939 or the civil service rules is instructive [13]

> The Hatch Act by a direct provision in section 9 (a) fully protects a Federal employee's right to vote as he may choose and to express his opinions on all political subjects and candidates Section 18 of the act definitely provides that Federal employees may actively participate in wholly nonpartisan local elections and may work for or against any general question that is to be decided at the polls by the voters In addition to these, it has been ruled that a Federal employee is permitted to engage in the following, notwithstanding the provisions of the Hatch Act and the civil service rules
>
> Attend open public political meetings as a spectator; make voluntary contributions to a political party general campaign fund, become a member and attend meetings of a political club, wear a campaign badge or button, display a candidate's campaign photograph in his home or automobile, sign a political party candidate's nominating petition as an individual.

Thus are general rights, once restricted, slowly reestablished segment by segment in a reluctant catalog of interpretation

Service Ethics. The methods of emancipation from purely negative institutional restraints imposed on government employees are to some degree already spelled out They may be described in different main categories.

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[12] For an analysis of one significant segment of this problem, see Sayre, Wallace S, 'Political Neutrality in Morstein Marx *op cit* above in note 2, p 202 *ff*

[13] House Committee on Appropriations, *Hearings* on the Independent Offices Appropriation Bill for 1947, p 1111, 79th Cong 2d Sess Washington, 1946 See also Howard, L V, "Federal Restrictions upon the Political Activity of Government Employees," *American Political Science Review* 1941, Vol 35, p 470 *ff* Morstein Marx, Fritz, "Comparative Administrative Law Political Activity of Civil Servants," *Virginia Law Review*, 1942, Vol 29, p 52 *ff*

The common objective—as has already been suggested—is the substitution of a body of service ethics, providing positive aims and voluntary standards of behavior, for the restrictive codes of control nearly exclusively relied upon hitherto.

One method would be the official publication of basic postulates for public-service conduct. This method is best illustrated in several of the provisions of the Weimar Constitution of 1919 and in the more relevant declaration of the Michigan Civil Service Act of 1937.[14]

> Every state employee shall fulfill conscientiously, according to the constitution and the laws, the duties of the office conferred upon him and shall prove himself in his behavior inside and outside the office worthy of the esteem which his profession requires In his official activity, the state employee shall pursue the common good and not only be impartial but so act as not to endanger his impartiality nor to give occasion for distrust of his impartiality.

Postulates of such breadth and universal validity inspire creative response. They draw forth implicit sentiments of public service Their essence is the establishment of goals and norms whose appropriateness is satisfactorily self evident

There is, however, a corollary essential to the full realization of this method The authors of such basic postulates of behavior must refrain from weakening the principal pronouncements by the inclusion or subsequent addition of wholly restrictive lists of imposed conditions. These serve only to rob the higher postulates of their full meaning and to limit the aspirations of the public servant.

Evocation of Self-Discipline. Another method is the promotion of career ethics in the many professional segments of the public service, including the administrative personnel in the more specific sense. The evocation of self-discipline in the form of professional codes of ethics is evident in many contemporary practices Professional solidarity in its positive manifestations furnishes guides to willing deference to the public interest.

The International City Managers Association, for instance, has built a sound and widely applicable tradition in its many years of emphasis upon the professional standards to govern the official conduct of the city manager. The special significance of its approach as a method of positive discipline is in the manner of its origin and growth. These are standards of behavior created by the group, though not without the labor of leadership In their final institutional form they represent an agreed-upon declaration of group aims.[15]

[14] Sec 23 of the act

[15] An example of the "strain of formation" is provided by the strivings of the "atomic" scientists to find a blueprint for their basic responsibilities as a group.

4. Morale and Institutional Pattern

Organizational Structure and Concerted Action We have been critical of some of the effects of hierarchy and associated forms of authoritarian administration. This was not to underestimate the needs for organization, for structure, and for clarity of command On the contrary, what we seek is a new *perspective* on structure and its uses As Paul Appleby has put it, "Getting agreement on action has its beginning in structure. Concerted action becomes possible only by organizing for action . . . structure comes first and remains basic"[16] Thus the main difficulty lies in the vast exaggeration given in administrative literature to hierarchy and other embodiments of authority.

In Appleby's words [17]

> Administration is somehow a respectable word while "coordination" seems to be disreputable Yet administration always proceeds through coordination To coordinate is to bring into common action, and this is a reasonably adequate general definition of administration Administration is thought of popularly in much too simple terms—as management and, increasing the distortion, in the military or authoritarian tradition. Psychologists and administrators alike have come increasingly to realize that management consists much less in giving orders than in inducing or in organizing to secure agreement When the process is thus understood, orders are seen as the formulation of what has been or will be agreed to The tendency among the uninitiated is to feel that if someone would only issue the proper orders or if only someone were clothed with sufficient authority, there would be no need of coordination and everything would become a matter of "simple administration."

All organization theory, in a larger sense, aims at the essential reconciliation of the demands of structure and command with the necessities of group participation and agreement. Structure is basic, but it tends to be static. Morale is indispensable, but it tends to be fluid. The correct balance between structure and morale, then, is that which provides form and direction to the dynamics of self-realization and group expression.

Balance of Structure and Morale. The reconciliation or balance between structure and morale is discovered only by constant reexamination of the precision with which existing organization reflects the needs of group purpose and group participation This perpetual scrutiny of organization properly begins with a searching question How effectively does current structure and hierarchy express the collective objective?

Except perhaps for the very moment of its first creation, organization always lags behind the expression of evolving group purpose Invariably, therefore, the drag of unexamined structure is backward. Organization is forever out of date. Its rebuilding or adaptation is a constant necessity.

Organization in Action. From this first inquiry, the continued reconsid-

[16] Appleby, Paul H , *Big Democracy*, p 92, New York Knopf, 1945.

[17] *Ibid.*, p 78 (by permission of the publisher)

eration of structure proceeds to an appraisal of organization in action. Does it still truly provide the mechanics of consultation and communication which are essential to group morale? Have the arteries of participation hardened? Have the signs and facts of agreement diminished? Have the goals set become too easy of accomplishment and is their attainment no longer impressive to the group? Has leadership sunk to the plateau of amiable ratification of casual group proposals? These are the diagnostic questions in the reassessment of structure in action. The findings must be applied ever anew to the redefinition of organization forms.

Structure is progressively reconciled with morale when the process of reconsideration produces repeated emphasis upon participation. Participation is the bridge between the structure and the group. Its manifestations are productive to the degree to which they are at once purposeful and informal. Structure, then, in many ways needs to be consciously subordinated. It is most efficient when it gives direction unobtrusively, when the group feels its presence in substance, not in form.

Effects of Specialization. Modern organization suffers from excessive accommodation to the dogma of specialization. Effective operation, particularly in the complex tasks of modern government, requires the proficiency and skill which comes from specialization. However, specialization is apt to be separatist, to be narrowly conceived, to isolate its practitioners from all others.[18]

Thus organizational theory is confronted with the additional imperative to integrate and simultaneously identify the specialized parts with the whole. The reconciliation of structure with morale therefore imposes a further task upon the art of leadership. It is the conscious emphasis upon interrelationships, upon the processes of intercommunication—particularly the methods by which the specialized parts participate in the shaping of general objectives, the evaluation of general accomplishments, and the appropriate subordination of all the structural components to the overriding purpose of the group.

Discipline as Affirmative Pressure. Structure and command, as we have seen, lean toward self-preservation and aggrandizement. In this inclination, discipline in its negative forms is most frequently invoked. Mitigation of such tendencies by awareness of the necessities of democratic morale is a further problem in theory and practice.

The regressive uses of discipline are ubiquitous. Administrative architects who seek the optimum balance between structure and morale must accordingly look toward the identification and isolation of disciplinary elements. The whole range of disciplinary sanctions, from the reprimand to the dismissal, presents opportunities for reciprocity and accommodation of institutional interests. When rightly seized upon, these opportunities may

[18] *Cf.* above Ch. 9, "The Departmental System," sec. 1, "General Features."

provide the moment and the means for fruitful exercise of leadership and collaboration. Such objectives are realized only when discipline is viewed as one of the affirmative pressures toward collective ends. In the hands of skillful leadership, the reprimand, for example, is not a coercive weapon but a tool for the promotion of mutual understanding, objective evaluation, and new direction.

Morale and structure are the complementary halves of administration. In the important sphere of modern public administration, their unity can be as productive as the democratic idea itself, which released the Western world from its bondage to institutions congealed by time into the tight shackles of feudalism. Nor is their unity a goal beyond our day if we keep our eyes firmly on the task.

Part IV

RESPONSIBILITY AND ACCOUNTABILITY

CHAPTER

22

Essentials of Responsibility

1. Men and Institutions

Responsibility is at the roots of civilization and government. It is the derivative of centuries of human experience. It is based on the best in Hebrew-Greek-Christian thought as revived and reinterpreted in our culture since the beginning of modern times.

Responsibility is a characteristic of both men and institutions. Indeed, it needs to permeate men and institutions alike if it is to exist at all. Responsible men create responsible institutions, and responsible institutions develop responsibility in men.

Responsible Men. The concept of responsibility is ubiquitous. It is not an isolated phenomenon of politics. Responsibility is a determining factor in the character of property, the nature of the family, and the constitution of the state. It pervades our systems of ethics, law, politics, and religion. It is not something to be defined in a neat sentence—it is the horizon of mankind.

In the long journey toward that horizon, however, much ground has been covered. Some of the landmarks are worth noting. Responsibility, as we know it today, is a product of Western civilization. It has assumed progressively clearer meaning since the Renaissance and the Reformation. It is a matter of ideas, ideals, attitudes, and conscious obligation. It is also a matter of custom, convention, and law. We note a striking geographical coincidence between the development of cultural individualism and that of institutions of political responsibility. Representative assemblies, majority rule, minority rights, accountable officials, and government according to law are not to be found except where a high value is placed upon man's growth for his own sake and where men generally, more than a mere few, have come to accept responsibility.

What are the attributes of responsible men? We may name some of them. First, responsibility cannot exist unless there is capacity—in the political context, authority—of a discretionary character. Children once were said, perhaps hopefully, to reach "the age of responsibility." Helpless

infants are not responsible. Not until the child's powers have developed is he able to be responsible, or irresponsible. Before that time the concept is inapplicable. We look not to the helpless but to the powerful in society to play a responsible role.

Discretion is also essential to responsibility, which is something more than enforceable accountability. A duty that contains no element of initiative, judgment, or choice for the one obliged to perform it may be a matter of accountability, but not of responsibility in the wider sense In the Parable of the Talents the servant who hid his talent in a napkin chose to meet a standard of accountability—he produced the talent on demand—when in fact he knew that he was vested with discretion and that he was expected to exercise his initiative in pursuing a policy of investment

A second characteristic of responsible men is recognition of an obligation to meet a need that exceeds the individual's and to act according to a standard that is outside himself and beyond his control Such recognition must be effective even though it may not necessarily be articulate. A responsible member of a family recognizes at least some family interests as superior to his personal interests A member of a political party recognizes certain party interests as being above his own interests A responsible public official recognizes a public interest as overriding any interest of his own or the interest of any group or class to which he may belong

The standard of responsibility is perhaps as important as the interest Hitler's action in attempting to destroy Christianity in Germany was not a simple act of gratuitous malevolence The action had a certain logic to it As long as a standard of conduct existed that was outside his control, he might be held responsible in terms of that standard in the minds of some To escape completely such judgment, he was driven to attempt to destroy the independent system of values The existence of a state religion in authoritarian countries is no mere accident

A third characteristic of responsible men is regard for consequences We say that an automobile driver who recklessly endangers his life and the lives of others drives irresponsibly. He who has no regard for truth but makes wild statements is also said to speak irresponsibly A political representative who votes in disregard of the effect of his decisions acts irresponsibly

Responsibility connotes a certain amount of rationalism and an element of prudence A responsible leader may endanger his own life or the lives of his followers, but he will only do it for a considered reason, after some weighing of the objectives and some calculation of the risks It is this element of responsibility in leadership that holds a group together Men will not continue to support a program that an irresponsible leader deprives of promise of success.

Another way of putting it is that responsibility contains a time perspective of more than the moment The future is as important as the present

A responsible party leader does not jeopardize the welfare of his party. A responsible official does not endanger the security of the state. A responsible administrator does not imperil the vitality of his organization.

Responsible Institutions. When the concept of responsibility is sufficiently strong to be reflected in men's lives, it is also to be found in the political institutions of representative government. In the United States of America we take these institutions for granted, and have forgotten their origin. Their common ancestry is worth noting

All may be traced to the combined influence of Christian thought and Greek rationalism reconsidered in the perspective of Reformation and Renaissance Majority rule, minority rights, and individual rights rest squarely upon belief in the value of the individual human being, upon belief in the *equal* value of human beings. In the light of reason, justification of majority rule is a simple mathematical process. The coexistence of majority rule with minority rights and individual rights has in it not a little of the Grecian ideal of moderation and restraint. It also assumes sufficient unity and generosity to permit a reconciliation of majority, minority, and individual interests.

In the development of discrete institutions, formal procedures, and known rules of law we recognize the influence of rationalism. Good will is not enough. The problems to be dealt with are of a nature and volume to require concrete machinery To assure responsible results, men steeped in Western culture have not been content to rely on mysticism, absolutism, or chance. With the rationalism of the observational-clinical-laboratory approach, they have preferred mechanics as a means of increasing the probability that responsible men will govern in a responsible way

Interdependence of Men and Institutions. Some aspects of the interdependence of responsibility in men and in institutions may be seen in the family. Marriage is a responsible institution with duties and obligations—some of them established by laws But it also gives the parties to the union wide discretion. Administrative supervision ends with the issuance of the marriage license. The obligations assumed and the standards accepted by the contracting parties are stated in very general terms It is up to each party jointly to recognize and determine what the needs of the family require in personal terms and to make his or her contribution accordingly.

Families flourish because men and women do make the contribution needed. It is frequently much greater than they could be compelled to make, and it is not always an equal contribution The interests of the family, future as well as present, are the governing considerations. Responsible men and women recognizing such needs, accepting obligations to meet them, and thinking about the future of the family make the family successful.

The traditions, the conventions, the social sanctions, and the laws which surround family life stimulate, influence, and restrain action. They outline the pattern and help to secure conformance to it. Both the pattern and the

sanctions are essential. We must add, however, that they are not sufficient alone. Some families break up even though the institution of marriage in general does not collapse. Unless there is generally a reasonable development of the quality of responsibility in the people involved, any institution is ineffective.

The position of the child in the family also emphasizes the relationship of institutional management to the personal quality of responsibility. Rearing a child is in part a matter of developing in him an effective sense and habit of responsibility. A general regime is set up for the child, and he is instructed about things to be done and things not to be done. Both father and mother try to hold him to account for his conduct.

But this is an exhausting and time-consuming process. A child's interests and energy quickly go beyond the limits of any scheme of detailed guidance. The parental council would have to be in continuous session to prescribe, proscribe, and prohibit; and more supervision than is feasible would be necessary. Parents cannot stand over the child with a stick all the time or wash behind his ears all his life. The only real solution for child as well as parents is for the child to assume increasing responsibility for his own conduct—responsibility that involves initiative, judgment, restraint, and recognition of obligations.

The growth of responsibility in the child is by no means spontaneous. It is in part a product of the efforts of the parents. In fact, it is a principal function of the institution of family life. The effort required to develop responsibility in a boy or girl probably varies greatly; but even the minimum effort is colossal. Success is the crowning achievement of the home, bolstered by school and church. An active system of expressing accountability is essential to success, but unless there is success in establishing the ideals, attitudes, and habits of responsibility, the home has failed.

The Political Implications of Business Practice. Responsibility is taught explicitly and also by inference Specific concepts grip men's minds, and the implications of ways of living are equally influential. How can we explain the change in political responsibility that took place in the United States during the nineteenth century? At the beginning of that century, as we know, the leaders of society—that is, the leaders in business, agriculture, and the professions—were also the political leaders. They recognized their problems and stepped forward. Many of them devoted their thought, their energy, their money, and their lives to resolving public issues.

These leaders were broadly active in public affairs. They took upon themselves the burden of political discussion and decision. By the end of the century, the situation had changed. Some businessmen continued to be publicly active in politics, but they were now a minority. Most business leaders had withdrawn from broad political responsibility. The professional politician had appeared, recognized as a broker, not to take the place left by the natural leaders of society, but to substitute for them, to fill the vacuum.

Why did so many men whose ability, achievements, wealth, and prestige qualified them for leadership choose not to exert such leadership? There are many explanations, of course. Among them was the important influence of the pattern of business itself.[1] The new business organizations and business practices were training men to narrow their responsibility as much as possible, even to escape responsibility entirely.

At the beginning of the nineteenth century, property was private in a personal sense. Business *property* was private, *business* was private. A man was engaged personally, either alone or with his partners, in a business enterprise. He was personally committed, personally accountable, personally responsible for the business enterprise. Joint stock companies were the exception.[2] In the orthodox view their usefulness was limited. Charters were a special privilege conferred by special legislative act, and they did not necessarily grant limited liability to corporate owners. Corporate purposes were narrowly limited, and corporate powers were narrowly construed.

By the end of the century the situation in the United States had completely changed. Businessmen who were fully responsible in their person and property for all their actions were a dead or dying species. Business was corporate. All corporations carried the privilege of limited liability. Moreover, the requirements of capital investment by the incorporators had been so far abandoned, and the capital structure had been permitted to become so complicated, that it was both possible and proper for businessmen to launch and operate an enterprise without any true personal liability. The restrictions on corporate purposes had been swept away, and the privilege of incorporation had become a right.

Business had ceased to be private in any real sense, but it had certainly not become public. It was characteristically irresponsible. Businessmen who lived and worked in this system were schooled in the arts, the attitudes, and the habits of irresponsibility. Through the corporate charter they could secure capital with a negligible, if any, investment of their own. They could control a corporation which they did not own. They contracted for land, materials, and labor; and these contracts could either be lived up to or repudiated and litigated. The system of minimizing responsibility, coupled with the vast growth in size of business units, had an inevitably debilitating effect upon the quality of responsibility in the natural leaders of a society which was becoming increasingly industrial in character.

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[1] This explanation of certain tendencies toward irresponsibility in American politics is offered as an hypothesis.

[2] *Cf.* Adam Smith's dictum that 'The only trades which it seems possible for a joint stock company to carry on successfully, without an exclusive privilege, are those of which all the operations are capable of being reduced to what is called a routine, or of such a uniformity of method as admits of little or no variation.' *Wealth of Nations*, bk. V, ch. I, pt. 3, art. I, "Of Public Works and Institutions which are Necessary for Facilitating Particular Branches of Commerce."

Automatism? It was easy to transfer these attitudes and habits of minimizing responsibility from business to politics. In both fields, irresponsibility was doubtless fostered by the prevailing belief in the automatic qualities of the economic and political order. The vulgar version of the doctrines of the classical economists seemed to encourage each entrepreneur to do the best he could for himself by whatever means he could find. Although the competition of numerous small and distinctly private business units had given way to the strife of corporate combinations, relatively irresponsible in character and ruthless in methods, it was still argued that the aggregate of this total effort was the public good. It was still assumed that there was an economic "system" which could stand any amount of pulling and hauling

Similar reliance was placed upon the automatic qualities of the political order. Representative assemblies were firmly established. Almost universal manhood suffrage had been achieved, and the franchise was exercised through a long ballot at frequent elections It was felt that this kind of democracy had so much inherent stability that any number of people could rock the boat with impunity, and that the efforts of special interests to secure privileges would balance. No one had to assume responsibility for operating or maintaining the ship of state

Darwin's theory of evolution and the popular inferences that were made from it no doubt encouraged the belief in social automatism. In America, furthermore, the expanding population, the exploitation of rich resources, and the process of industrial development provided what seemed to be tangible and convincing evidence of the durability of "progress." It was easy to believe in a scheme which did not require any one in particular to play a responsible part in public affairs and which made it unnecessary to worry about the social consequence of individual action

Two world wars with a world-wide depression between them have been a tough dish for mankind. Who now really thinks that the world order or any "system" will unguidedly produce either peace or prosperity? Who really believes in the automatism of any stereotyped concept of society?

The events of the last half century challenge any superstitious belief in social automatism It is now obvious that if the benefits inherent in world culture and world resources are to be realized, it is necessary to achieve a higher level of responsibility in men and in institutions than society has yet attained The situation demands ability, initiative, and discretion, exercised to meet the needs of society and not merely the needs of an individual, a class, or even a single nation The standards by which the adequacy of policies must be measured have risen. The consequences of action or inaction by any substantial group in society must be carefully considered. Responsibility is at an extraordinary premium for the present and the future.

2. Legislative Responsibility

In this chapter we are concerned particularly with political responsibility, even though it is obviously only a part of the wider phenomenon What is the responsibility of legislators? Of elected executives? Of administrative officials? We will forego the pleasure of talking about the responsibility of judges.

Responsible Legislators Responsible government is impossible without responsible legislators and without a realistic system of legislative responsibility. The essential features of a system of responsibility are generally agreed upon and need only be mentioned here frequent but not too-frequent elections, honest elections, an adequate number of representatives but not too long a ballot, reasonable equality in representation as a basis for majority rule, and so on Although the advent of the initiative, referendum, and recall may seem to complicate the system, it also highlights an important aspect of all responsible institutions

Institutions which permit responsible political action necessarily provide for discretion, and discretion admits of abuse If the ends of responsible government are to be achieved, the authorized discretion must be exercised with due regard for consequences, must be guided by the needs of the community, and must conform at the very minimum to the ethical and moral standards of the community The usefulness of the initiative and referendum depends upon the restraint and the judgment with which they are exercised

Persistent and irresponsible special interests could conceivably weaken the legislative process seriously by excessive use of the initiative Although a highly developed sense of responsibility in the electorate would check and eventually shut off such tactics of pressure groups, the system of direct control calls for a sense of responsibility among special interests as well as in the general public The referendum, too, can be abused by excess With reasonable restraint in application, it becomes a valuable procedure for dealing with extraordinary situations The recall is similarly a welcome addition to the scheme of responsibility which could be, but generally has not been, carried to extremes

Realism in Responsibility of Legislators The demand for responsibility in legislators goes much further than is indicated by electoral devices It is obvious that representative government is a farce if the elections are dishonest Honesty in elections, however, requires a great deal more than counting the ballots with due regard for mathematical accuracy An election can perform its function only when the campaign itself is reasonably honest. If the candidates for election disregard the truth and fill the air with unfounded assertions, fantastic charges, and malicious misrepresentations, they make it impossible to achieve responsible government through the electoral process.

The need for honest discussion is equally great within the legislative assembly. Lawmaking bodies and the legislative process rest on the foundation of faith in reason. Discussion is an effective means of getting at the facts and of weighing them when all parties to the discussion act in good faith. However, unless the preponderant purpose of the legislators is to make debate a rational process, the issues can be so confused with half-truths or untruths as to render discussion ridiculous.

Majority rule is obviously a cornerstone of responsible government. The legislative process is intended to be a means of discovering or formulating a majority view, and a legislative decision should rest upon the support of the majority. Majority rule may be and frequently is defeated, however, by irresponsible legislators. Dilatory action may prevent effective discussion or make a decision impossible. Committees may refuse to report bills upon which a majority clearly wishes to act.

Although legislative rules generally permit the majority to compel committees to act, the procedure is so laborious as to be serviceable only in rare instances. A committee may also handle its hearings and taking of evidence in such an arbitrary and biased way that the lawmaking body never has a chance of considering the proposed measure on its merits Committee members who are governed more by a special interest than by the general interest may destroy responsible government Can a legislative chamber function effectively as a representative body when the committees are not fully responsible to the majority of the chamber?

Legislative Irresponsibility? The British government is sometimes criticized on the grounds that the Cabinet—conceived as a committee—is not the servant of the House of Commons, but has become its master, and a despotic master at that. In American legislative assemblies, which typically work through committees, are the committees fully responsible to the assembly or have they become arbitrary and irresponsible rulers? In many instances they fall short of any reasonable standard of responsibility.

Let us consider the evidence, starting with committee hearings. Is the investigation an impartial and careful inquiry into the facts? Too frequently it is the cross-examination of witnesses by a hostile prosecutor, or the staging of a dramatic scene with a carefully selected professional cast. When we consider the methods—not to mention the manners—of many committees of Congress, we find it not so strange that civil servants cringe at the thought of "going up on the Hill," and that legislative-executive relations lack cordiality The "third degree" is not a good way to find the truth or to make friends. It may force testimony which is desired; but if the victim lives and is interrogated again he will be forever after on guard.

The mysteries of a committee's deliberations perhaps defy analysis, but what about its decisions? One of the committee's functions in American practice is to "screen" legislation. This is an act of responsible discretion. But how is the screening done? Is it a rational process of sifting the signifi-

cant from the trivial? Is it guided by a policy based on views of the majority of the committee? If there is a general policy, does it have the support of the majority of the legislative chamber or does it represent merely the views of a vested legislative interest? And if there is no guiding policy, what governs the screening process? Chance, whim, or the dictates of the chairman?

How many sessions of Congress pass without arbitrary action by some standing committee or by the Rules Committee to prevent discussion and to defeat the determination of a policy by the majority? Not many. It is no defense against the charge of irresponsibility to argue that not a few members wish to be relieved of the necessity of confronting embarrassing issues. The evasion of responsibility can only weaken responsible government.

Suicidal Tendencies. The responsibility with which a legislative chamber acts is the product in part of the way in which it is constituted, in part of the character of its members, and in part of its rules and organization. The strength of the seniority principle in controlling committee assignments, committee chairmanships, and positions of authority in the chamber is a serious cause of irresponsibility in American government. The methods by which the whole house can hold the committee to account for its action, or inaction, are generally inadequate.

Gerrymandering, whether by constitution or statute, is bad enough in most legislatures. When the lawmaking body by its rules and organization further skews the representative process through perpetuating an uncontrolled oligarchy of unrepresentative members, it allows a dangerous sapping of its own vitality. If the legislative branch is suffering a decline, as some think, the danger to its survival is not to be sought in an encroachment from outside by the executive branch. It is to be found rather in the suicidal tendencies within the legislature itself. No lawmaking body that violates the basic principles of responsible representation can hope to play anything but a declining role in grappling with the complex issues which today confront government.

Responsibility and Leadership. Discussions of the responsibility of legislators frequently center about their relations to their constituents. Should legislators lead or follow? If they lead, how far ahead should they lead? It is generally agreed that voters have a right to expect their representatives to be better informed and more farsighted than the general public. Hence the voter can without embarrassment change his mind about a policy as he grows wiser through experience. The legislator, however, is supposed to be sufficiently well informed that he makes fewer errors and foresees developments the average man could not anticipate. The legislator's foresight should be at least as good as the voter's hindsight.

The relationship between the representative and his constituents is not a matter of dealing with a monolithic mass of people. In even the most

homogeneous district there is a wide variety of people and groups. The number of purely agricultural districts—which might be presumed to be most homogeneous—is dropping, and the diversification of agriculture is creating a variety of agricultural interests. Even in a purely agricultural district living off a single crop, interests of owners, tenants, laborers, primary processors of foods, merchants, and bankers have to be considered. People also vary in race, religion, and general outlook on life. In urban districts or in urban-rural districts the variety of interests is, of course, very great.

The variety of interests which a representative must consider is in one sense the essence of his problem, but it also provides a solution to the representative's dilemma. Some interests are avid and well organized. If he heeds only these, he may become their slave Here is where his leadership can come to the fore. If he has not sufficient leadership to educate, organize, and appeal to the broader interests of his district, he is doomed to be the servant of special interests. But if he exercises real influence he may greatly broaden his base of support and play the part of a responsible leader in matters of public policy.

The representative's relationship to the party organization, the political machine, or the "boss" presents a similar situation. It is sometimes said that a man has to have money, organization support, or both to be nominated and elected. It may be readily conceded that some men are completely dependent upon money or the machine for their political life, but it does not follow that every one is so dependent.

A political "nobody" naturally cannot become a Washington, a Jefferson, or a Roosevelt by simply announcing his candidacy. If a man has qualities of leadership, however, if he has the ability to exercise wise judgment in the public interest, if he has demonstrated this ability in previous activities, he will have a reasonable chance of being elected on his own merits. When a political "somebody" comes along who has real qualities of leadership, no machine and no amount of money ordinarily can beat him. The opposition also has to put up a strong candidate. When a candidate says that "no one" can be elected without money or machine support, look him over.

This is not to say that money and the political machine may not tip the balance or even defeat the interests of a majority of the people. They often do. The point is rather that real leadership of a responsible character is vital, and a man who has it is certain to be able to play a useful part in politics. He may not always win, but he will always make his leadership felt and he will frequently represent the public.

Responsibility of the Legislative Body. The question of a representative's relation to his constituents is no more important than that of his relation to his colleagues, to the legislative body as a whole, and to the general public As responsible government requires a man in authority to

look beyond himself, his group, his class, and his party, so it requires him to look beyond his constituency in considering public needs. His obligation to the total public overrides his obligation to any part of it.

Public obligation is not set aside by a federal structure of government The right of secession was denied in our constitutional history in a bloody Civil War. The principle of the higher loyalty to the broader unity is fundamental. The obligation is legal as well as ethical. But how can it be implemented?

Any representative can fulfill the obligation for himself. Many do so. The name of George W. Norris will long be remembered as that of a *national figure*. He was a responsible leader, a representative whose horizons and constituency were as broad as the nation The Tennessee Valley Authority was not built in Norris' Nebraska.

If a representative will not meet his broader obligations, what can be done about it? The remedy lies with his colleagues and in the rules, procedures, and organization which they establish How long the more or less disfranchised rank and file of the House of Representatives will stand for being pushed around by the venerable oligarchs who rule them without representing them, no one knows But they don't have to take it forever. The rules can be revised, and the committee system can be changed. The particularism which now makes both House and Senate a playground for special interests can be controlled

This control is not an impossible task. It is not inevitable, for example, that committees on agriculture should be in the hands of the "farm bloc." If these committees contained a considerable number of members representing areas which are heavy consumers of agricultural products, would not the committees do a better job for Congress, for the public, and, in the long run, for the farmers? Reconciling the special interest with the general interest should begin not later than in the committee stage

In any reconsideration of means of improving the legislative process, it is essential not to overlook the basic importance of responsibility Many things can be done to improve and expedite the work of Congress and state legislatures However, unless reforms include steps to strengthen the responsible qualities of legislative action they will not be very effective. Representative committees under responsible, not dictatorial chairmen, responsible to the entire legislative body under its own responsible leaders, could effect a revolution in the quality and vitality of American legislatures.

Power to make these changes rests with the lawmaking bodies themselves. The present leadership is opposed to change, and the present setup with the inertia of many years behind it protects them. But the legislative rank and file are not helpless. Responsibility carries with it the obligation to use granted powers only for the public good. There is in the history of responsible government a deep-seated "right of revolution." There is

also a positive duty to revolt against any abuse of discretion or authority which obstructs the processes and the ends of responsible government.

The objection may be raised that someone will get hurt in the course of a revolt against the present scheme of things. To be sure, someone will get hurt, but responsibility carries with it the obligation to risk some danger and to make some personal sacrifice if necessary. Responsible government can never continue very long unless the rank and file as well as the leaders of the moment show qualities of responsibility, and unless the former establish the most practical means possible of holding the latter responsible.

3. Executive Responsibility

Elected Chief Executives. The responsibility of legislators, who have the broadest authority and discretion in government, should properly be discussed first. Next in order comes that of the elected chief executives, such as the President and the governors.[3] They are participants in the legislative process. They are elected representatives of the public. They are also the chief channels through which the experience of government in operation can be brought together, interpreted, and reintroduced in the necessarily continuous process of policy formulation and administrative improvement. The elected chief executive is as significant an American contribution to the art of government as that of judicial review.

A salient feature of the elected chief executive is the breadth of responsibility which attaches to his office.[4] There has been public insistence and expectation that the chief executive take the broad view of public policy; that he hold the balance even among powerful special interests; and that he subordinate particular interests to the general interest. Presidents are looked to for leadership in the entire process of making and administering a truly national policy; and, similarly, governors and mayors are expected to rise above any special interest.

The elected chief executive's is a responsible office which has tended

[3] It is the purpose of this chapter to call attention to some of the more obvious characteristics of responsibility in American government rather than to treat any one executive or administrative office in detail. For systematic discussion of the presidency and of the position of state governor, see such works as Corwin, Edward S., *The President. Office and Powers* New York: New York University Press, 1940; Berdahl, Clarence A., *War Powers of the Executive in the United States*, Urbana. University of Illinois, 1921; Hart, James and Spicer, George W., "Executive Leadership in Administration," pt. II, in *Essays on the Law and Practice of Governmental Administration*, ed. by Haines, Charles G. and Dimock, Marshall E., Baltimore: Johns Hopkins Press, 1935; Lipson, Leslie, *The American Governor: From Figurehead to Leader*, Chicago: Chicago University Press, 1939. *Cf.* also above Ch. 8, "The Chief Executive."

[4] All responsibility of public officials is, of course, responsibility under the law, within the law, and in accordance with the law. That goes without saying and need not be reiterated throughout our discussion. It is, however, the initiative and discretion which the law—constitutional and statutory, conventional and formal, written and unwritten—gives to the public official that makes responsibility a subject of intrinsic interest and importance.

to develop in men holding it a sense of responsibility It has generally brought out the best in presidents, governors, and mayors. The tendency of men elected to it to rise to the high requirements set for them is one of the most encouraging features of American life This tendency may also account in part for the growth in political power and prestige which our chief executives have experienced Whatever the degree of change in the relative standing of legislative bodies and chief executives, it has certainly been affected by the different ways in which the two have faced up to the challenge of responsibility

Responsibility of the Chief Executive The chief executive's responsibil ity to the public and to the legislative body is peculiarly a matter of integration He must take the lead in reconciling conflicts and inconsistencies in policy He must secure some synthesis of the desires of his total constituency and the total experience of the administrative process His responsibility to the public and the legislature also largely determines the nature of his responsibility to his subordinates—his administration

The latter responsibility has four principal features

(1) The chief executive must give his subordinates guidance on the general direction of public policy and the timing of action

(2) He must see that divergent tendencies within the administrative organization are reconciled and that an integrated program is developed Differences of personality are at times an obvious problem, but much more fundamental and difficult are the issues of policy.

(3) To meet these needs, he must be in touch with the entire administration and he must utilize its experiences and advice That is to say, he has an obligation to his subordinates to be familiar with their experience and points of view bearing on important matters, whether or not he acts upon advice they give

(4) He must also see that there is an adequate pool of knowledge and effective cooperation among the key people of his administration. The pool of knowledge must be greater and the cooperation more extensive than the chief executive's own knowledge or capacity for supervision.

The process of exchanging information of mutual interest and of working together toward an over all program and its consistent administration must go on throughout all levels and all parts of the executive branch. For the chief executive, all of these responsibilities are controls in organizing and managing his administration, and in shaping his executive office.

The chief executive's responsibility for guidance on broad questions of policy is obvious The process of formulating and perfecting public policy is partly a matter of reducing alternatives and of concentrating upon the more promising possibilities However, for the most effective use of the resources of government the general direction must be determined. There should not be too much standing around at the crossroads. If these decisions

are made promptly, public officials and civil servants can make their efforts count most effectively.

It may at times be desirable to advance along several parallel or even slightly divergent routes. Such progress requires supervision to make sure that divergence does not become too great and also that all forces converge upon the goal at the right time. If a choice between completely inconsistent proposals is delayed too long, either much of the subsequent work is bound to be wasted or all progress is certain to stop. Neither result is desirable, nor is the accompanying low morale. Of course, not all of the chief executive's decisions are necessarily difficult. If he is well informed both politically and administratively, the general course to be taken may be fairly clear. Even on the most difficult questions, however, he must make up his mind without unreasonable delay.

Executive Restraint. How much responsibility has a chief executive for initiating policy himself? Obviously, if there is no other way to get things started, then he must crank the engine with his own hand. But his prime responsibility is to see that sufficient initiative is exercised within his administration, rather than to generate all the ideas himself. Some elected chief executives have personally identified themselves with many detailed policies in the early stages of development. As a general practice, this is probably inconsistent with the executive function

In the game of government, the captain of the administrative team is supposed to play the full sixty minutes If he runs with the ball on every play he may find himself completely tuckered out before the end of the first half, and he cannot be very effective from then on. For example, the President is not only a legislative leader, and the leader of the administration, but he is also chief of state.

There is a certain inconsistency between the President's several roles, though it is not a serious problem as long as he does not overplay any one part He is much closer to his essential function when he takes public responsibility for reviewing and integrating proposals initiated within the administration than when he himself proposes and promotes. The emphasis in the chief executive's responsibility is upon integration.

Executive Emphasis on Teamwork It the chief executive takes his responsibility as head of the administration seriously, it may not be necessary for him to make so many public decisions of a controversial character. The best time to integrate policies is in their early stages of development, and on the lower echelons of government. As Mary Parker Follett so well understood, many conflicts—social as well as administrative—are unnecessary, and result from overlong delayed collaboration.[5] They are also the consequence of an inadequate pool of knowledge and of too limited perspective

[5] For a cross-section of her writings, see Metcalf, Henry C. and Urwick, L., eds., *Dynamic Administration*, New York Harper, 1942

If the chief executive takes a lively interest in assuring that people in the government get together at the earliest feasible moment on matters of common importance, he tends to avoid many of the conflicts which would otherwise harass his administration. Of course, the policy of horizontal, voluntary coordination should be facilitated by the administrative structure itself. In this respect, federal administration and most of the state governments leave much to be desired No better device has so far been discovered to secure cooperation within a government than a common superior officer who insists upon cooperation. There are too many programs of both federal and state governments which lack any effective common superior.

High Officials—Political Leadership. The highest category of administrative officials includes those who also have, by the nature of their office and duties, political responsibility. A typical example is the head of an executive department. He stands between the chief executive and the lesser administrative officials whose positions are or should be nonpolitical in character. That pivotal position makes his office of peculiar importance in the total scheme of responsibility. It is the point at which the lay control of professional administration is to be made effective

To handle his job, the department head needs to be a good administrator. But it is just as important—perhaps even more important—that he be a good politician, in the broadest sense of the word. The department head's primary responsibility to the public, to the chief executive, and to his subordinates is for active political leadership As we have noted, the chief executive must limit himself most of the time to general guidance, review, and integration in the development of policy The department head, however, has no obligation to continue in office for a fixed period.[6] The measure of his success is how much he contributes, rather than how long he lasts. He is politically expendable. It is his function to take risks, to expose himself to hostile fire, and to withdraw or be carried off the field when he has performed his mission. The department head who always plays it safe, and who lets his chief run interference for him rather than get into the interference himself, is operating on the wrong level. He should apply at the nearest post office for an announcement of the next civil service examinations and get a job that really suits him.

When the chief executive is a strong political figure, there may be a tendency for his subordinates to let him do all the heavy political work. This starts a wholly undesirable trend The chief executive develops more muscle from constant exercise and his lieutenants get weaker from lack of it, throwing still more work on their chief One answer is for the department heads to face up to their political responsibilities even if they have

[6] The positions of elected department heads, which exist in many state governments, would be an exception to this rule On the appointive department head, see also above Ch 9, "The Departmental System"

to risk their office by doing so. There ought to be a law against cabinet members owning real estate in or near the District of Columbia.

4. Administrative Implications

Politician and Civil Servant. Another phase of a department head's role is to take full responsibility for the acts of his subordinates. This does not apply, of course, to those of his associates who share with him a personal political function. Above all, he must always protect the civil servants from political pressures. He is free to disregard the advice of his professional staff. He may modify their proposals, or overrule them entirely. But he should never allow political pressures to get past him to the permanent personnel. If a political head of a department cannot or will not take public responsibility for the work of his organization, he is not big enough for his job.

General Interest Versus Special Interest. A further aspect of the responsibility of officials who are immediately subordinate to the chief executive is their common obligation to work together in the development and administration of a coordinated program.[7] This is reciprocal to the chief executive's obligation to secure teamwork in his official family. It calls for a nice balancing of obligations. As the head of a department the administrator is responsible for the development and management of his department's program. He must see that the needs of the program receive adequate attention, and that the full implications of the operating experience are available in the revision and further development of the program.

This function not infrequently makes the political head of the departmental organization a spokesman for a particular interest of—or in—the government. He speaks for agriculture, or labor, or the Navy. It is thus easy for him to forget or minimize his still greater obligation to see that his particular program is developed and administered in accordance with the broadest interests of the government, and as a part of its total program Balancing the particular and the general requires fine discrimination and a high sense of responsibility.

Although the chief executive is responsible for making certain that the essential teamwork occurs among all agencies, he is to some extent at the mercy of his subordinates, notwithstanding his possession of the ultimate sanction of removal. He can punish public quarreling, but it is more difficult to prevent his desk from being loaded with conflicts which need never have arisen. And if subordinates involved in a conflict of policy go through the motions of collaboration but never progress toward common ground, how can the chief executive tell whether one of them is recalcitrant or all of them are simply standing pat?

[7] One of the best discussions of the essential role of the key administrator is to be found in Appleby, Paul H., *Big Democracy*, esp chs 4, 7-9, New York Knopf, 1945

Among the more painful difficulties of our recent wartime administration were certain top officials who were uncritical and unrestrained advocates of the worthiest causes. They were quite unwilling to try to find means of achieving their ends which would be reconcilable with other equally important objectives. They meant well but they created more problems than enemy saboteurs.[8]

Integrity and Good Faith. Certain responsibilities of political officials are duplicated at lower levels of the administrative hierarchy. Cross coördination is, of course, a responsibility at all echelons. Each key man has an obligation to keep his group posted on major developments or information that will make their work more intelligent. Similarly each has an obligation to bring to the attention of his superior all the facts or considerations which the latter will need later to make the most intelligent decisions possible or to take the action that may be required.[9]

"The truth, the whole truth, and nothing but the truth" *so long as it is relevant* probably sums up an administrative official's responsibility to his boss for information and advice. Summarization is necessary, of course, but it must be accurate condensation. In handling questions of policy an executive is dependent on his staff for advising him honestly and fully. The integrity of the entire organization depends upon their good faith in the discharge of this function. Mistakes and errors can be forgiven, but lack of good faith is inexcusable.

A corollary of integrity and good faith in dealing with the one *to* whom an administrative official is responsible is effective supervision in dealing with those *for* whom he is responsible. A large element in effective supervision is real contact. There must be a meeting of minds. There must be mutual confidence and understanding. When contact is lost either through infrequent association or loss of confidence and understanding, there is danger of arbitrary administration.

An official may not always be able to put his mind to the merits of every issue that comes before him. But he must be sure that someone whom he has tested and proved to be competent has put his mind to every issue. This assurance has to be kept current. The head of an office can lose contact at times with some of the business flowing through it, but he dare not lose contact with the men who handle that business.

Civil Service—But Not Servility. A subordinate's responsibility includes the obligation to tell his boss things which the latter may not want to hear. But how far does the obligation go? You can wear out your welcome, and "vain repetitions" get you nowhere. Some judgment is required on how hard to press an unpleasant issue. One guide is the importance of the issue. If the matter is of some possible consequence, even the most timorous soul must take himself in hand and make at least one serious effort to see that

[8] *Cf.* also above Ch. 14, "Interest Groups in Administration."

[9] See also above Ch. 16, "The Formulation of Administrative Policy."

his superior is adequately informed. The fact that his responsibility is administrative rather than "political" in character does not give a civil servant the right to be a Caspar Milquetoast.[10]

The scope of initiative and discretion, of course, declines as we go down the administrative ladder. Responsibilities become duties. Accountability, not responsibility, governs.[11] This transition, however, is not uniform Many civil servants far below the level of political responsibility have positions in which they may and must exert considerable influence upon policy and upon the administration of programs.[12] They have positions of a highly responsible character even though their responsibility is within the administrative family and not to the public or the legislative body directly. It is upon their integrity and their devotion to the loftiest traditions of responsible government that much of the success of modern administration must rest

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[10] The literature on administrative responsibility proper is still limited in scope Reference may be made to the following writings Gaus, John M, "The Responsibility of Public Administration, ch 3, in Gaus, John M and Others, *The Frontiers of Public Administration* Chicago University of Chicago Press, 1936, Dykstra, Clarence A, The Quest for Responsibility *American Political Science Review 1939*, Vol 33, p 1 *ff*, White, Leonard D, *Introduction to the Study of Public Administration* p 501 *ff*, New York Macmillan 2d ed, 1939, Friedrich, Carl J, 'Public Policy and the Nature of Administrative Responsibility, p 3 *ff* in Friedrich, Carl J and Mason, Edward S, eds, *Public Policy* Cambridge Harvard University Press, 1940, Morstein Marx Fritz Administrative Responsibility, p 218 *ff*, in Morstein Marx, Fritz ed *Public Management in the New Democracy* New York Harper 1940, Finer, Herman, 'Administrative Responsibility in Democratic Government," *Public Administration Review* 1941 Vol 1, p 335 *ff*, Key, V O, Politics and Administration, p 159 *ff* in White Leonard D, ed, *The Future of Government in the United States* Chicago University of Chicago Press, 1942

[11] The transitional area is surveyed in greater detail in the succeeding chapters of this book.

[12] This point has been fully developed above in Ch. 4, "Democratic Administration."

CHAPTER

23

The Judicial Test

1. The Rule of Practicality

Propriety of Administrative Rule-Making and Adjudication. One of the surest ways to obscure the workings of American government is to insist on some facile generalization like "the legislature enacts general principles, the courts interpret them, and the executive branch administers them." The theory of the separation of powers was never fully applied to any government in the United States—federal, state, or local. Yet it has misled many people into believing that it is somehow improper for an executive agency to issue regulations or to judge cases affecting private rights.

Before we discuss the way in which public administration enters into the formulation of general rules and the adjudication of cases, subject in both respects to review by the courts, one elementary fact about our governmental system should be noted. On each level of government, the legislature generally acts only as a single body, the judiciary handles all sorts of cases without specializing very much on defined categories, but the executive branch is divided into departments and bureaus each of which does a particular kind of work.

Specifically, when an issue comes to a legislative decision, every member of the lawmaking body has an equal vote with every other member on every type of question, irrespective of his individual range of pertinent information. Moreover, because of the sheer quantity of business, the legislature cannot undertake to prescribe in detail all the rules and regulations that need to be issued to give effect to the decision it has reached. Similarly, the courts hear cases involving all kinds of legal situations arising in all walks of life. Although the judicial branch may have any number of inferior courts, it is fundamentally not organized to decide a large volume of particular categories of specialized cases promptly, cheaply, and uniformly. Only by appropriate organization and specialization can the bulk and variety of government business be handled effectively.

The legislature decides the most important questions by statutes and by

voting appropriations, but beyond the general disposition of the matter it must rely on executive officials to make the detailed decisions. At this point there is still a tremendous quantity of rules to be issued to implement the statutes and interpret their meaning. Similarly, each day in the process of administration questions come up that involve private rights. Administrative officers must decide most of these questions; partly because they can decide them quicker, cheaper, and more generally to the satisfaction of the public than any one else, and partly because the judiciary is better equipped for the decision of cases involving broad principles of official conduct and public-law relations.

In short, the functions of issuing rules and deciding cases are by no means exclusively legislative and judicial. Executive agencies must discharge them in the normal course of business. By doing so they manage, in a general sense, wide areas of our social and economic system. Since this chapter deals particularly with the administrative processes of issuing regulations and adjudicating cases, and with court review of these processes as well, it should be remarked at the beginning that it is quite normal for the quantity of administrative regulations to exceed the quantity of statutes, and for a great many more cases to be decided by administrative agencies than by the courts. It has never been the function of the judiciary to pass automatically on all regulations, or to reconsider all aspects of every administrative decision whenever a citizen believes that his interests have been affected by a government agency.

Test of Social Utility Then what, in those respects, is the judiciary's function, and who decides what its function is? The latter question should be answered first The legislature by statute says how much rule-making power it wants to delegate to executive agencies, and also fixes the boundary between the process of administrative adjudication and the judicial function The courts apply the Constitution and the statutes to these problems, and—subject to the guidance of law—may have the last word The executive branch, whatever its political influence, has no authoritative voice in deciding how far its power runs.

A legislature may require specific types of administrative rules or decisions to be reviewed in every respect by the courts, and it sometimes does A court may review a case or a regulation with so little respect for the original decision of an administrative agency that it usurps the agency's function, and this it too often does. In either case, the administrative agency has no protection, except the fact that in the long run the increasing interdependence in society and the resulting expansion of governmental functions in themselves will convince the public of the need for flexible and specialized management that administrative organization alone can provide

Only by administrative organization and management can we supply the initiative, the expertness, and the planned teamwork that are required to solve modern problems. The way in which executive agencies should or-

ganize their system of issuing regulations and deciding cases, and the line between their function and that of the judiciary, are matters to be settled not by automatic formulas or political slogans, but by the practical test of social utility.

Two Illustrations. Let us consider one or two examples to illustrate the point. The Post Office Department will carry an ordinary letter if the sender puts a three-cent stamp on it, and it will carry a periodical at a reduced rate if the sender qualifies for second-class mailing privileges. If a letter has not been properly stamped, it is only sensible to have the postal clerk return it to the sender for postage, or put a postage due stamp on it and collect from the addressee, according to the instructions the clerk gets from his department However, the question of second class mailing privileges, though hardly different in principle, is a question of vital concern to considerable economic interests, and the statutes say that a publisher must have a formal hearing before the Post Office Department can take those privileges away from him.

In both types of transactions the Post Office Department is performing the same service In principle, there is no reason why a statute should not provide for a formal hearing whenever a postal clerk and a private citizen disagree over the weight of a letter In practice, there is a perfectly good reason. People want their mail delivered, and realize that it would not make sense to encourage contentious proceedings that would hamper the service. Therefore, the less important question, and the question that can more easily be answered according to a definite standard, is entrusted to the discretion of an administrative subordinate, while the more important question of second-class mailing privileges is the subject of more formal procedure at a higher administrative level—and, if necessary, before a court of law.

For another example we might turn to the creation of an army In the eighteenth century, the nation relied to a considerable extent on legislative and judicial machinery to do this job The Militia Act of 1792 (1 Stat. 271) provided that all men be enrolled in the militia, and enjoined them to provide themselves with muskets and with musket balls one-eighteenth of a pound in weight Citizens who provided themselves with such arms were, the statute said, to "hold the same exempted from all suits, distresses, executions or sales, for debt or for the payment of taxes" The lack of necessary administrative machinery recommended by President Washington but neglected by Congress made this system a fiasco, as the War of 1812 demonstrated

The mid-nineteenth century system—during the Civil War—was a centralized system of conscription administered directly by the Army. The citizen could appeal only to the ordinary courts. The drafting of men during the Civil War was both scandalously arbitrary and inefficient.

In the twentieth century, we have done better by applying two related concepts: the creation of an organization—the Selective Service system—by cooperative arrangements among different levels of government, and the issuance of rules and the adjudication of individual cases by that organization. It would be hard to imagine how bad a system Selective Service would be if the functions of administration and adjudication were separated. If the Army itself drafted men, and the ordinary courts were the only place in which to get a hearing, the drafted men and their families would certainly consider themselves less fairly treated.

Extending the Rule of Law. In these two examples—the postal system and the armed forces—it is especially obvious that the process of administrative regulation and adjudication is not a perversion of the ordinary legislative and judicial methods, or a usurpation by executive agencies of functions ordinarily belonging to the legislature and the courts. On the contrary, it is simply a means by which an executive agency—either on its own initiative or in accordance with legislation—takes systematic precautions to safeguard private rights. As one authoritative study put it, the formal procedure of administrative rule-making and adjudication, "far from being an encroachment upon the rule of law, is an extension of it."[1] Administrative adjudication in agencies like the Federal Security Agency and the Veterans Administration has a similar purpose—to make sure that governmental services or benefits are distributed fairly, which is a matter somewhat different from the determination of rights

While administrative rule-making and adjudication are added safeguards to fair play in the administration of some governmental services, they are a major part of the business of regulating private interests Some activities which need to be controlled in the public interest are operated under systems of government ownership or management; others are in private ownership and subject to government regulation. Thus regulation, with its administrative rule-making and adjudication, is an alternative to public ownership or direct public control

Administrative Regulation as Alternative to Public Ownership The nation might have considered authorizing the federal government to take over the railroads, if it could not have regulated them through the Interstate Commerce Commission, or the shipping lines, if it were not for the United States Maritime Commission; or the radio networks, but for the Federal Communications Commission; or the banking and exchange system, but for the Federal Reserve System, the Federal Home Loan Bank System, the Securities and Exchange Commission, and other agencies. Some of these are primarily agencies which handle cases by direct executive action—the Home Owners Loan Corporation did not hold hearings before making a

[1] Attorney General's Committee on Administrative Procedure, *Final Report*, p. 12, Senate Doc. No 8, 77th Cong., 1st Sess., Washington, 1941

loan. Others are primarily regulatory agencies with highly developed processes of adjudication. In most of them, however, the functions of administration and adjudication are inseparable.

It is at least partly an historical accident that in the United States the federal government operates the postal service but not the telephone and telegraph systems; or that state governments operate certain hospitals and sanatoriums and not others; or that municipalities own airports but not railroad stations, or operate one utility—from abattoirs to waterworks—and leave another in private ownership. What may start as an historical accident usually becomes a firmly rooted tradition. Podunk is shocked to learn that Middletown is socialistic enough to own its electric-power plant, while Middletown is surprised to discover that Podunk violates American tradition by getting some of its beef from a municipal slaughterhouse. In much the same way Americans are generally surprised to learn that the British Post Office Department handles telegrams, while the British find it hard to understand that even well-to-do Americans may be educated from kindergarten to Ph.D. in government institutions.

When government undertakes to regulate great corporations instead of taking them over, it has two general alternatives, or a mixture of both One is to proceed by first laying down statutory definitions of the standards which the corporations must follow, then by having an executive agency investigate their operations, and finally by having any violations prosecuted before the courts. The other alternative is to give an executive agency authority to issue detailed regulations, to conduct the necessary investigations, and to hear any cases involving violations.

The latter alternative has been followed, not because government agencies grasped for power, but because the regulated interests greatly preferred it. A private corporation, like a government department, cannot operate if many of its decisions are likely to be litigated If it has to be regulated, it would rather be regulated by having an administrative agency enter into a sort of operating partnership with it and take over certain defined controls, instead of having a prosecuting attorney dogging its footsteps.

This preference may be a surprise to the casual observer who takes the complaints of businessmen about government regulation to mean that they would rather be prosecuted in a court than regulated under an administrative procedure. As one Senator has put it, "One of the great difficulties of the Congress in attempting to avoid the detailed regulation of business, with indefinite power in a federal bureau, is the fact that in many cases the businessmen themselves seem to want that kind of regulation."[2]

2. The Administrative Process and the Lawyers

Prevention Over Punishment. If we look in some detail at the methods of government regulation, we may see how much they are like the manage-

[2] *Congressional Record*, Vol 86, p 10070 (August 8, 1940)

ment of a broad field of activity by a corporation, and how much they have in common with those methods that are essential to the conduct of public administration in general. As with all types of administrative actions, one main way in which the work of regulatory agencies differs from that of the judiciary is that in the main they try to prevent mistakes rather than punish offenders. The courts themselves, of course, by injunctions and mandamus proceedings may prevent specific injuries and compel specific actions, and on the other hand administrative agencies may punish individuals or corporations for offenses. But the basic distinction still holds good.

A municipal building-inspection department does not wait to take steps against a landlord until the elevator collapses and kills some passengers; it inspects and certificates elevators to make sure they are safe. The Civil Aeronautics Authority does not merely wait to prosecute airplane pilots who through incompetence smash their planes; in a more practical fashion it examines and licenses those who present themselves as competent. The Federal Deposit Insurance Corporation does not merely adjust its premiums to take care of the number of bank failures; it inspects insured banks to make sure they are not going to fail. It is possible, of course, to study these administrative processes solely as degenerate offshoots of the judicial system. It would seem more realistic, however, to observe that each such activity is, in a broad sense, a part of the management of the real estate business, the air transport business, or the banking business

Regulation as Partnership in Management. Likewise, the Securities and Exchange Commission, which has to approve registration statements before securities are offered on the market, must act more like a partner in the management of the issuing enterprise than like a court refereeing disputes. An investment firm must put its securities on the market promptly in order to make a profit, and any public question about their soundness would wreck the sale For this reason it is no wonder that the securities market in general prefers to have questions about registration statements handled informally and privately by staff members of the commission, rather than aired and delayed in an open formal hearing

Again, as with all administrative activity, the primary purpose of regulation is to protect the public interest. In order to do so, an administrative agency may make use of specialists who are also valuable to the regulated industry. The Department of Agriculture grades and inspects grain, and inspects perishable commodities and imported farm products. The work of its inspectors, scientists, and technicians—and its associated state and local institutions—makes up the national research program for agriculture. The merchant-marine inspectors of the United States Coast Guard inspect the construction, maintenance, and repair of vessels. An inspector in a shipyard who makes sure that work is up to specifications may save the shipbuilder and the ship buyer the cost of hiring men for some of the same

work. And a marine inspector who crawls through the dirty boiler of a cargo vessel in order to tell the ship's engineers what repairs need to be made for the next voyage may be engaging in quasi-judicial activity, but the ship's officers look on him as an expert consultant, and if they think of any one as "regulating" them they are likely to think of their company management.

In another way the processes of administrative regulation are more similar to those of management than to judicial proceedings The administrative agency makes a continuous positive effort to prevent adjudicatory cases from occurring by using its field staff to educate the affected interests It may take a positive lead in developing new techniques and new methods of management for the regulated interests The United States Public Health Service, for example, is not merely concerned with the prosecution of offenders, but also with the development of new methods of sanitation The Federal Home Loan Bank Board does not merely regulate local mortgage credit institutions, it develops new credit opportunities for them, and instructs them in the organization of their business and the techniques of encouraging savings and home financing Because such agencies specialize in a single field of activity, and have direct administrative control over their personnel, they can develop standard national policies for the regulated interests and help them improve their operations

Some of the agencies in question have a still more positive function of over-all management The United States Maritime Commission, for instance, has relatively few regulatory activities, and is charged with the job of subsidizing and developing the American merchant marine The Civil Aeronautics Administration decides which airlines can operate where, and sees that they have proper airport facilities, flight services, qualified crews, and safe equipment The Federal Reserve System, similarly, has some functions of adjudication; yet its main function is the general direction of a crucial field of economic activity

To be sure, some of the agencies which make rules and hear cases do not deal with a single type of business, but with a particular aspect of many types of business The several regulatory agencies in the field of labor relations are examples Other examples are revenue collection agencies the Bureau of Internal Revenue and the Bureau of Customs The Bureau of Immigration and Naturalization is the federal administrative agency whose proceedings most closely resemble those of criminal courts.

Informal Settlement Versus Formal Adjudication Since most of the agencies with rule making and adjudicatory functions are either service agencies in the main, or have responsibilities for promoting or even managing broad fields of economic interest, they should not be considered primarily as tribunals for handling complaints, prosecuting offenses, or settling disputes Such business is generally only a by-product of their work, or

rather it is only the way of disposing of their unsatisfactory commodities. For their basic product or objective is the cooperative management of a national activity, and any case in which the private parties concerned cannot be led to cooperate is a failure, not an accomplishment.

The figures cited by the Attorney General's Committee on Administrative Procedure illustrate this point.[3] The Interstate Commerce Commission arranged voluntary settlements in all but five of 3,500 demurrage complaints The Department of Agriculture, administering twenty-odd regulatory statutes, had fewer formal hearings than one per day, and an exception was taken to an examiner's report less often than once a week. The National Labor Relations Board, in the first four years of its stormy career, had to issue formal complaints in only 8 per cent, and to make formal decisions in only 4 per cent, of its 12,227 unfair labor-practice cases. To look on regulatory agencies primarily as courts and to make them follow the same procedure would be to organize them not for their main purpose, but for the small proportion of cases in which their purpose could not be accomplished—as if business were to be organized mainly for the convenience of referees in bankruptcy, or hospitals for the convenience of undertakers.

Balance of Public Interests In each field of activity a balance must be struck between the need for a formalized procedure—somewhat resembling that of the judicial system—in order to protect people from arbitrary action, and the need for administrative initiative, discretion, and dispatch, in order to further the interests of the people concerned and to protect them from frustrating formalities The balance may vary from time to time Since the Interstate Commerce Commission was too much like a tribunal to manage the national transportation system in wartime, the Office of Defense Transportation was created Since the United States Maritime Commission could not operate our wartime ocean shipping in its existing form, it was transformed for that purpose into the War Shipping Administration, while retaining its old identity for other operations

Those who mainly wish to protect private interests against interference will naturally—at least in the short run—want to tip the balance in favor of more formalized procedures. Those who mainly wish to accomplish broad social objectives and to integrate national policy will generally want to tip it in favor of more administrative discretion The same issue may be debated, too, in another aspect whether a regulatory function, especially in the federal government, should be lodged in an ordinary executive department—as are those in the field of agriculture—or in an independent commission—as are most of those that deal with business. However, our differences of opinion are less likely to be irreconcilable if we remember that the issuing of rules and the hearing of cases may be an essential part of

[3] *Op cit* above in note 1, p 35 *Cf* also above Ch 10, "Independent Regulatory Establishments sec 2 'The Nature and Conduct of Regulatory Business'"

an administrative function, and that some types of private interests may prefer to be regulated by an administrative agency that is also concerned with promoting their welfare, rather than to run the constant risk of court action. The modern maxim is to temper justice with subsidy.

"Snuffing the Approach of Tyranny." One of the great debates of contemporary public affairs is that of the traditional lawyers versus the administrative lawyers. The legal profession of the United States today—as Edmund Burke remarked of it in 1775—is "numerous and powerful" and its members "augur misgovernment at a distance, and snuff the approach of tyranny in every tainted breeze."[4] The controversial publications of the various schools of legal thought illuminate the subject of administrative adjudication and "delegated legislation" for the student. However, they keep the spotlight on the small minority of cases that come up for formal hearings—on that part of administration that follows, or may perhaps be made to follow, procedures similar to those of the judiciary. This preoccupation with the margin of the problem is typified by the terms "administrative process," "administrative procedure," and "administrative agency," which in most lawyers' studies of the subject are used to refer only to the agencies that issue rules and adjudicate private rights, and their methods of doing so.[5]

A leader of the attack on administrative adjudication has been Professor Roscoe Pound, who in addition to his authority as a scholar has been the spokesman of the Committee on Administrative Law of the American Bar Association. To avoid the impression that any serious writer proposes simply to abolish administrative adjudication, we should stress perhaps that even Pound explains the necessity for its development and its existence. He tells how the United States was "law ridden" in the nineteenth century; how the demands of an expanding law of public utilities and the requirements of social legislation led to the development of administrative procedures and regulatory agencies; how the judiciary reviewed the decisions of these agencies without giving any weight to their findings of fact, thus forcing them to follow rules of evidence suitable only for jury trials in common-law courts; and, in consequence, how the state legislatures and eventually Congress began to give more and more functions to administrative agencies and comparatively fewer to the courts. He mentions workmen's compensation, corporate reorganization, the adjustment of private water rights. Then, too, for the past sixty years "the judiciary has been falling into line and . . . powers which two generations ago would have

[4] "On Conciliation with the Colonies," *Speeches and Letters on American Affairs*, p. 95, New York: Dutton (Everyman's Library), 1931.

[5] This type of definition led the Attorney General's Committee on Administrative Procedure to speculate on how things would be managed "if administrative agencies did not exist in the Federal Government." *Op. cit.* above in note 1, p. 13. *Cf.* also above Ch. 17, "Government by Procedure."

been held purely judicial and jealously guarded from executive exercise . . . are now cheerfully conceded to boards and commissions."[6]

On the other hand, Pound charges that the philosophies of Marx, Freud, and Einstein have led certain people "to believe in supermen administrators free from the checks of law or rights or judicial review."[7] This belief, he holds, has been responsible for basically unfair procedures in administrative hearings. The courts, he says, are headed by judges who are trained to conform to known standards and settled ideals; their decisions are exposed to the criticism of an informed profession; reports of the cases appear in the public records; and individual judgments are subject to review by a bench whose attitude is analytical The administrative agencies, he argues, are under none of these safeguards. Moreover, they have an "obstinate tendency to decide without a hearing or without hearing one of the parties"; they make determinations on the basis of private consultations; they fail to disclose to affected parties the evidence on which their orders are based; and heads of administrative agencies act on abstracts of testimony prepared by irresponsible subordinates, without studying the original testimony.[8] These evils are all connected with the fact that the same agency is acting as prosecutor and judge in the same case.

Pound's general point of view is identical with the basis for the legislation repeatedly proposed to require all administrative agencies generally to follow a single pattern of procedure in their rule-making and adjudication In Congress, many bills of this type have been introduced in recent years The most noted was the Walter-Logan bill (H R. 6324, 76th Congress, 3d Session), which was passed by Congress but vetoed by the President This bill prescribed a single rigid method for the issuing of regulations, no matter on what subject; it provided for very extensive judicial review of rules, even if they were not the subject of controversy; it required that all adjudicatory decisions be reviewed by superior administrative authorities, whether any one appealed or not; and, while excepting decisions of certain agencies entirely, it called for much more extensive judicial review than the courts now are willing or are permitted by statute to exercise. At the same time that such federal legislation was being widely discussed, the state of New York considered a constitutional amendment to increase the frequency and scope of judicial review of administrative actions

The support of the organized legal profession for such measures made a thorough study of them essential. The President accordingly asked the Attorney General in 1939 to appoint a committee to study the possibility of "procedural reform in the field of administrative law." At about the same

[6] *Administrative Law Its Growth, Procedure, and Significance*, p. 31, Pittsburgh University of Pittsburgh Press, 1942 This brief study ably summarizes Dean Pound's views on the subject

[7] *Ibid*, p 22

[8] *Ibid*, pp 60-75.

time the governor of New York appointed Robert M. Benjamin to conduct a similar study in that state.

This turn of events was similar to that nearly a decade earlier in Great Britain, where *The New Despotism* by Lord Hewart,[9] a justice of the King's Bench, impelled the government to appoint a Committee on Ministers' Powers. The reports of this committee,[10] of the United States Attorney General's Committee on Administrative Procedure,[11] and of the Benjamin inquiry[12] in the state of New York give a remarkably authoritative and detailed analysis of the problem. All of them generally agree that the courts cannot do the job that administrative agencies are now doing, and that administrative agencies could not do it themselves if any one made them imitate the courts.

In addition to these official reports, many lawyers have undertaken to refute Pound and his school of thought. Several of them—notably Judge Jerome Frank and Dean James M. Landis, both formerly of the Securities and Exchange Commission, and Professor Walter Gellhorn, director of research for the Attorney General's Committee and later regional counsel of the Office of Price Administration—have had experience in federal regulatory agencies. Frank's lively book, *If Men Were Angels,*[13] takes issue pointedly with Pound and shows in great detail how the Securities and Exchange Commission met all the tests of fair procedure which Pound argued were respected only in the courts. Gellhorn's *Federal Administrative Proceedings*[14] is a briefer study that draws on the work of the Attorney General's Committee to give a broad picture of the problem of administrative adjudication.

Federal Administrative Procedure Act. One might have assumed that the increasingly realistic and mature analysis of the whole problem of administrative law would have encouraged a cautious legislative approach in this important area, and one intent upon preserving the desirable flexibility of administrative practice. Actually, however, those forces which originally had carried forward the case for the Walter-Logan bill resumed their campaign at the end of World War II without meeting any resistance in Congress. Although the findings of the earlier official inquiries compelled these forces to compromise on many details, they succeeded in pressing for considerably more extensive judicial review of administrative actions;

[9] London Cosmopolitan 1929, republished London Benn, 1945. *Cf* also above Ch 3, 'Bureaucracy—Fact and Fiction' etc 3, 'The Charge of Despotism'

[10] Cmd 4060, London 1932

[11] *Op cit* above note 1

[12] Benjamin, Robert M, *Administrative Adjudication in the State of New York,* Albany, 1942.

[13] New York Harper, 1930

[14] Baltimore Johns Hopkins Press, 1941. See also Landis, James M, *The Administrative Process,* New Haven Yale University Press, 1938. A good general discussion may be found in Pennock, Roland J, *Administration and the Rule of Law,* New York Farrar & Rinehart, 1941

for the imposition of a uniform pattern of administrative regulation and adjudication; and for more highly formalized procedures that would give private interests greater opportunity for influencing or escaping government regulation. The result was the Administrative Procedure Act of 1946

It is not surprising that the act has met a mixed welcome. The Attorney General has greeted it as "a hopeful prospect of achieving reasonable uniformity and fairness in administrative procedures without at the same time interfering unduly with the efficient and economical operation of the Government." Others, and especially many close students of the administrative process, have recorded grave misgivings about the anticipated impact of the new legislation upon regulatory and adjudicatory methods.

Much, of course, will depend on the construction of the act by the judiciary. But there is little doubt that the act throws a heavy burden of court-like formality upon government regulation; creates novel requirements to be observed by administrative agencies at the threat of judicial invalidation of their actions; and, by extending the scope of judicial review, invites the courts to become virtual partners in the conduct of administrative business.

The act operates on the basis of sweeping definitions. It lumps the rich variety of administrative actions and decisions into but two categories rules and orders. And it deals with both categories in general language, leaving few exceptions from the requirements it lays down for either category.

Save only for matters of legitimate secrecy on the one hand and internal management on the other, the act stipulates that each agency must publish in the Federal Register descriptions of its structure, including its field organization, to indicate the allocation of authority; statements of its decision-making methods, together with precise information about its formal and informal procedures; and all "substantive rules" as well as pronouncements of its general policy and interpretations by which it considers itself bound A similar obligation exists with respect to final opinions or orders in the adjudication of cases.

Under the act, rule-making must proceed by advance notice to the public and by opportunity for the participation of private interests in the rule-making process Formal notice and participation by "all interested parties" is also required in administrative adjudication Equally rigid is the statutory prescription that no officer engaged in the fact-finding aspect of the adjudicatory process may take part in the decision of the case Conversely, the same officer having presided over the administrative hearing must make the initial decision or the recommendation for the final decision of the case An initial decision is subject to administrative appeal, compelling the agency to go once more over the entire matter in the same manner the initial decision was reached All agencies must secure an adequate number of hearing examiners, whose separate status is protected by special guar-

antees and who are not to be drawn into any other phase of administrative business.

The act is emphatic in referring to the courts of law a private party "adversely affected or aggrieved" by administrative action. As to the scope of judicial review, the courts are directed to set aside any administrative actions deemed void for various reasons, including in certain types of cases actions "unwarranted by the facts." On the side of questions of law, the act furnishes a fresh incentive for the courts to reach out into the area of administrative discretion. However these statutory clauses may eventually be circumscribed by court precedent, it appears obvious that the new law is likelier to increase the quantity of litigation than to raise the standards of administrative justice.

In a striking manner, once again the Administrative Procedure Act turns the spotlight on the question of the proper general approach to the problem of administrative rule-making and adjudication. Are the demands of justice and those of administrative efficiency irreconcilable? Must we concede the need for reducing the promptness and resourcefulness of public service for the benefit of the ordinary citizen because important private interests in the community have to be specifically safeguarded by elaborate procedures subject to judicial approbation? As one way of seeking an answer to these questions, we should find it helpful to consider administrative adjudication in its full context.

The three main problems of administrative adjudication that are outlined by the various recent studies are these: the rules of evidence and other procedures that govern the conduct of hearings; judicial review of administrative decisions; and the organization of administrative agencies to prevent the combination of managerial and adjudicative functions from causing bias in the trial examiners or hearing officers.

3. Administrative Fairness and Judicial Review

Rules of Evidence. An individual whose interests are impaired by administrative action can present his case effectively only if he knows the evidence that is being presented against him and has a fair chance to refute it. Some of the most serious charges against administrative procedure have been to the effect that these essentials of fair play were not being followed.

The Attorney General's Committee, after directing its expert staff to study in detail the procedures of nearly all federal agencies that adjudicate private rights, found "few instances of indifference on the part of the agencies to the basic values which underlie a fair hearing," but instead "a healthy self-criticism and considerable alertness to fulfill not only the letter of the judicial pronouncements but the basic implications of fairness in hearing."[15]

[15] *Op. cit.* above in note 1, p. 62.

The committee's principal criticism, on the other hand, was that the administrative hearings were not administrative enough. In its own language, it blamed "lengthy hearings and incredibly voluminous records" for burdensome delays, and made several recommendations for shortening the process. One of them was that administrative agencies borrow an informal and expeditious procedure from the courts—the "pretrial hearing," which is a hearing conducted in the manner of a conference between a judge and the lawyers in the case, using more direct methods of getting at the facts than formal examination and cross-examination.

Perhaps to the amazement of those who suspected that political trends under the New Deal had led to unfair administrative practices, the Attorney General's Committee directed some of its more severe censure on points of procedure, not against any of the new regulatory agencies, but against two of the older departments. It criticized the War Department for failing to inform interested parties—other than the applicants themselves—of the reasons justifying a license for the erection of structures in navigable waterways. And it rebuked the Post Office Department for neglecting to notify publishers of their statutory right to a hearing before revoking second-class mailing privileges, even though they had always been given an opportunity to state their case in writing.

Neither the Attorney General's Committee nor the Benjamin report to the governor of New York recommended one single code of administrative procedure. Only a minority of the Attorney General's Committee did. The majority held that the advantages of diversity to accommodate particular types of regulatory authority were considerable, and therefore made numerous minor recommendations on the procedure of individual agencies as a result of the committee's research.[16]

Spot Check of Judicial Review. The problem of judicial review has been magnified out of all importance, for in numerous types of cases that are handled by administrative agencies the citizen would get little or no tangible protection from appealing to the courts. Many administrative agencies, in matters of adjudication, deal with questions that have to be answered immediately in order to prevent hardship, or that individually do not justify the cost of legal proceedings. Thus an unsuccessful claimant for a small social security benefit will usually not hire a lawyer to contest a doubtful case, simply because the odds are not worth the cost. A grower will not take to court a decision by an examiner of the United States Department of Agriculture condemning a carload of perishable commodities, for his goods will decay before they could be introduced as evidence. A securities broker will find little satisfaction in appealing from an adverse decision of the

[16] See the series of monographs on individual agencies issued by the Attorney General's Committee. Study of almost any two of the monographs will suffice to show the reader how considerably the subject matter and the procedure of the various agencies differ from one another.

Securities and Exchange Commission on the listing of a security, for the opportunity to sell it profitably may have gone.

To depend mainly on judicial review in these cases would be futile. The chief problem is how to organize on a fair basis the system of rendering the original decision. The volume of administrative decisions alone would make it unwise to rely too extensively on review by the courts. It is no more reasonable to ask the courts to decide anew any considerable portion of administrative decisions than to ask the Supreme Court to consider again most of the cases decided by lower courts.

What the courts can do, however, is to protect the fundamental rights of citizens to fair treatment in the hearing of their cases, and to maintain the basic political and constitutional relationship between the administrative agency and other branches of government. If the courts are to do this effectively, they must restrict themselves to two questions: first, the type of case which they will review at all; and second, the extent to which they will give weight to the original decision of the administrative agency.

In four general ways the federal courts have narrowed down the number of cases they will review, even though they have avoided a statement of principles and have carefully maintained their discretion to consider each case as it comes up. One such restriction is that the individual appealing from the administrative decision must have "legal standing"—that is, in general, he must be "adversely affected" by the decision. Another is that the administrative decision must be a final one. No one may come to the court with a case until he has done all he can to get a favorable decision from the administrative agency. Third, there is some question of whether courts will generally review an administrator's refusal to take action—such as refusal to issue a license—even though the Supreme Court in 1938 withdrew its earlier doctrine that "negative orders" were not reviewable. Fourth, courts will not review—sometimes by self-denial, sometimes because of statutory limitations—some types of decisions that seem particularly suited to administrative discretion Examples are a decision that a contractor on a government project must pay certain wage rates, or decisions of the Veterans Administration with respect to certain classes of benefits to veterans.[17]

Scope of Judicial Review Much more important, however, than the question of whether or not to review a case is the question of how far a court is to go in its review. For just as the administrative agency has no more extensive rule-making or quasi-legislative power than the legislature intended to give it, so it has only as much power to make decisions as the courts leave in its hands An illustration of the way in which the judiciary may take over decisions that are the very heart of administration may be chosen from the annals of New York state government. In 1903, the Court of Appeals held that the duty of classification of positions—as competitive,

[17] *Cf* Attorney General's Committee on Administrative Procedure *op cit* above in note 1 pp 84 86

noncompetitive, or exempt—under the civil service law was quasi-judicial in its nature, and could be reviewed by the courts by writ of certiorari, much like any decision of a lower court. After a few years the Court of Appeals came to the uncomfortable conclusion that it had—in its own words—"in effect assumed the functions of the Civil Service Commissioners, for every challenged decision of these officers was brought to this court as a question of law."[18] Accordingly, it reversed itself; decided that the function was not judicial or even quasi-judicial; held that such decisions could be reviewed only by writ of mandamus; and explained that, while clear failure or refusal of the Civil Service Commission to do its duty could be reviewed, the court would not reverse any decision, even though it might differ with its wisdom, if there was "a fair and reasonable ground for difference of opinion."

In short, since every act of a public official must be based on legal authorization, courts may stretch their logic a bit and make nearly any type of administrative decision all over again. The stretching would not be too difficult. It is a settled principle that the courts have the power to review questions of law, since otherwise the citizen would have no way to appeal against the actions of an official who plainly acted illegally. It is a commonplace among lawyers, however, that no clear distinction exists between questions of law and questions of fact, since their subject matter is basically the same. As one frequently quoted passage runs, "the knife of policy alone effects an artificial cleavage" between the two questions, and furthermore, "at the point where the court chooses to draw the line between public interest and private right"[19]

To illustrate this point, we may take the classic case of Miller v. Horton.[20] A public health official killed a horse that in his judgment had the glanders. The jury decided that the horse had not really had the glanders after all; that the official who thought it had was wrong; and that therefore he had not had legal authority to kill the horse and must pay for it. The law usually authorizes an official to act only in certain circumstances and for certain purposes. If a judge wants to reverse the official's decision on the facts of the situation, he can often find the facts so thoroughly mixed up with the legal issues involved that a review ostensibly of the law will take care of the facts as well.

Legitimate Judicial Concerns. If the courts were generally preoccupied with private rights and careless of the public interest, logic alone would not stop them from reducing the original administrative ruling to little more

[18] Simons v McGuire, 204 N Y 253, 257-258, 97 N E. 526, 527 (1912), as quoted by Hart, James, "Judicial Review of Administrative Action A Thesis," *George Washington Law Review*, 1941, Vol 9, p 501

[19] Dickinson, John, *Administrative Justice and the Supremacy of Law*, p. 55, Cambridge Harvard University Press 1927

[20] 152 Mass. 540, 26 N E 100, 10 L R. A 116, 23 Am. St Rep. 850 (1891)

than a formal preliminary to the judicial decision. Fortunately, the courts in the main do no such thing Their prevailing philosophy has followed the election returns in accepting the idea that considerations of public interest have greatly expanded as our economic system has increased its interdependences Accordingly, when a court reviews an administrative adjudication, more often than not it adjusts the scope of its review to the extent to which fundamental principles appear to be involved, much as an executive gives his attention to the more significant problems of administration and leaves others to his subordinates

Above all, a higher court will thoroughly review cases involving constitutional rights It may consider all the aspects of such a case anew, giving comparatively little weight even in questions of fact to the original decision of an administrative agency The next most intensive review will be given those cases in which the problem arises of whether an agency acted outside its statutory authority Even though such questions of law are entangled with questions of fact, the courts will certainly not hesitate to reverse an agency's decision when that decision was clearly beyond its legal power.

A part of the question of whether the agency acted legally or not is this Did it follow a fair procedure? The courts are likely to insist rigorously on the fundamentals of fair play—the right to face and cross-examine witnesses for the other side, and so on On the other hand, the courts are not likely to insist that specialized administrative agencies with expert trial examiners be bound by the elaborate rules of evidence that were developed to help a judge keep a jury of laymen from being bamboozled.

American courts, it should be added, are still somewhat more inclined than English courts to assume that an administrative agency has acted fairly only if it has acted like a court The Arlidge case[21] in Great Britain established the principle that administrative agencies might conform to "methods of natural justice" without following "lawyer-like methods" In contrast to this, in the equally famous Morgan cases[22] in the United States, the Supreme Court, in regard to certain procedures, considered the function of the Secretary of Agriculture "a duty akin to that of a judge."

Legislative and Judicial Standards of Review The courts will rely most on the administrative agency's decision, and insist least on their own point of view, in questions that are clearly and solely questions of fact In reviewing such questions, the courts have come more and more to the point of trying to decide not whether the administrative agency made the correct decision—which could only mean the same decision the court would have made if it had been the agency—but whether the decision was made rea-

[21] Local Government Board v Arlidge, L R (1915), Appeal Cases, 120

[22] Morgan v United States, 298 U S 468 (1936), 304 U S 1 (1938), 304 U S 23 (1938)

sonably and on the basis of substantial evidence. Language to bring about this effect has been incorporated in legislation defining the extent of court review of the decisions of certain federal agencies "findings of fact by the Commission, if supported by substantial evidence, shall be conclusive unless it shall clearly appear that the findings of the Commission are arbitrary and capricious".[23]

There has been a measure of legislative maneuvering over the exact language of this formula But as long as the general idea is put across that the courts are not to substitute their judgment for that of administrative agencies in cases the latter have decided, the exact words of the formula do not matter much Congress declared the findings of the National Labor Relations Board conclusive if "supported by evidence," without using the term "substantial" or anything like it, but the Supreme Court held that if the evidence was not substantial it was not evidence, and the omission of the word made no difference.[24]

Those who wish to broaden the scope of judicial review have argued that administrative decisions ought to be supported by the "weight of the evidence" However, the question cannot be solved by any such juggling of words It is simply the issue of whether or not the courts are going to let the administrative agencies do their jobs And in recent years the judicial point of view generally has been a more sympathetic one.[25]

In general, court review of administrative decisions and orders is least useful on those aspects of a case that require discretion—the selection of one choice among several with nearly equal advantages—or call for technical or scientific qualifications It is most useful, on the other hand, on those aspects of a case that involve the protection of definite individual rights or personal liberties against arbitrary, unreasonable, or careless official action However, no line can be drawn in advance between the various aspects of any single case Just as the judge may substitute his personal predilections for the scientific opinion of the expert, so the expert may come to believe that his science justifies exceeding his authority In the long run, mutual respect by judges and administrators will help maintain a sense of jurisdictional differentiation between them, particularly if an aggressive and well informed public opinion watches the entire process of adjudication.

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[23] Communications Act of 1934 (48 Stat 1094, 47 U S C 402e)

[24] Consolidated Edison Co v NLRB, 305 U S 197, 229 (1938)

[25] The Emergency Price Control Act of 1942 provided that appeals against regulations of the Office of Price Administration had to be made first to the price administrator, and that any one denied relief might then ask a special emergency court of appeals to issue an injunction against a regulation, but only if the regulation was found to be "not in accordance with law, or arbitrary or capricious" In Yakus v United States, 321 U S 414 (1943), the Supreme Court upheld not only the authority of Congress to delegate "legislative power—'Congress is not confined to that method of executing its policy which involves the least possible delegation of discretion to administrative officers"—but also the unusual provisions for review of the validity of regulations only in accordance with a single procedure

4 The Organization of Adjudication

Prosecutor-and-Judge Agencies. Since practical limitations apply to the usefulness of judicial review in a dynamic administrative system, it is all the more important to organize properly the hearing activities of the government agencies concerned This problem, it is true, has nothing to do with the great mass of business of most of the agencies, which is handled by informal settlement Nor has it anything to do with the business of some of the agencies, which proceeds by such techniques as scientific inspection and makes little or no use of formal hearings However, the agency that holds formal hearings must take care to organize itself so as to avoid the charge—and any basis for the suspicion—that its interest in initiating the case leads it to be unfair in the hearing

This is the question of whether a single agency should be both prosecutor and judge in the same case The question is partly fallacious, but nevertheless it has made many people doubt the fairness of administrative procedure The element of fallacy in the question is that an agency is not a single person The agency may be an extremely large organization—much larger than the whole government of the United States a century ago—and it is surely as possible to set up within it a system of checks and balances as it was to create such a system in our national government.

The agency may well be expected to have a bias in favor of a certain policy—the policy which it is instructed by statute to enforce. And if certain groups oppose that policy it is possible for the agency to develop a bias against those groups Even judges, however, are not supposed to be completely neutral toward the laws they are enforcing, or toward those who fail to obey the laws They are only supposed to reserve judgment on the question of whether any given individual has in fact disobeyed the laws. Still, administrative agencies are particularly likely to be directed to enforce laws that are vigorously opposed by one or another respectable economic interest, and their unpopularity may sometimes be a measure of their effectiveness

Administrative agencies may be reluctant to create formal hearing units, and to set off the personnel that hear cases from those who investigate and initiate them Their reluctance may come from fear of reducing the scope of their discretion, fear of tying their hands with their own procedure; or fear of inviting additional judicial review by appearing to be in effect subordinate courts Such fear does not seem unreasonable if we think of the point of view of the traditional lawyers, who are still likely to hold with the late A. V. Dicey that administrative law does not exist in English-speaking countries

Dicey, in his classic on the law of the British Constitution,[26] emphasized

[26] Dicey, A V, *Introduction to the Study of the Law of the Constitution*, 8th ed, New York Macmillan, 1915

the facts that any citizen could go—as he still can go—to the regular court if any official damaged him by acting beyond his legal authority, and that under the Continental system of administrative law the citizen is not always able to do this What he failed to see was that the common law court may be too slow and expensive to help the citizen or may achieve nothing if the official act which damaged him was performed within the law, while an administrative court might give him quick and cheap relief On points like these, Dicey's Continental critics scored heavily, especially those who like Duguit[27] emphasized the service functions of public administration and the role of governmental authority in giving effect to democratic policies

Continental Administrative Courts English-speaking countries were reluctant to permit executive departments to hear and decide cases after the manner of a court They showed even greater reluctance to evolve specialized branches of the judiciary to handle the new types of cases that arose with the extension of government functions These attitudes kept the United States and Great Britain, in some types of cases, from developing as effective machinery for protecting private rights as was brought into being by the administrative courts of Continental Europe

The French established a system of administrative courts as a result of the decision, effected in their revolutionary constitution, to separate the powers of government with logical thoroughness They carried their logic so far as to forbid the judiciary to interfere with administrative acts, and initially left the citizen with no recourse except appeal to the higher level of administration The executive branch subsequently organized a formal system of inferior and superior councils to hear such appeals These councils secured increasing independence as administrative courts, hearing all kinds of cases arising out of the relationship between public authorities and the citizens

The Napoleonic period carried French administrative influences throughout most of Europe The system of administrative courts, with national variations, eventually became Continental in its scope At the highest stage of its development, it had several fairly general characteristics[28] It was a system of judge made law, in that the administrative judges built up an expanding body of precedents in the process of interpreting statutes and deciding cases There was a hierarchy of courts, with appeal from the lower to the higher The procedure made it relatively easy and inexpensive for the average citizen to get a decision

Since among the lower courts there was a considerable measure of specialization like that of executive departments, the judges were closely in

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[27] Duguit, Léon *Law in the Modern State* New York Viking, 1919

[28] For a summary description and citations to the literature on this subject, see Morstein Marx, Fritz, Comparative Administrative Law The Continental Alternative," *University of Pennsylvania Law Review* 1942 Vol 91 p 118 *ff*

touch with administrative developments, and in an excellent position to interpret the motivation and to control the discretion of officials. At the same time, the judges, being drawn from the ranks of the administrative career service, were sympathetic toward the public purposes of government agencies. Career administrators themselves were trained in public law as well as for management. For this reason, and because administrative actions did not come before less well-informed ordinary courts, government departments were not in need of large legal staffs who might—as in the United States—have carried on feuds with operating officials.

American Alternatives. The possibility of bringing forth a more systematic body of administrative law in this country has led scholars of sound reputation to propose a special court of appeals for administrative cases.[29] This is no startling proposal in view of the fact that Congress has set up several constitutional curiosities sometimes called legislative courts, such as the Tax Court and the Court of Claims, which hear appeals from administrative agencies. And there is reason for reflecting on the merits of a structure of administrative courts. Fritz Morstein Marx, whose experience as a public official in republican Germany reinforces his opinions as a student of administration, has argued for a general system of administrative courts.[30]

On the other hand, several proposals have been advanced for improving the institutions of administrative law and adjudication without setting up new courts. Any proposal for instituting administrative courts in American government raises the question of whether they would be in the executive or the judicial branch or, like the Tax Court, in a sort of quasi-legislative limbo. If they were clearly established in the judicial branch, it might be difficult to keep their personnel and procedures from taking on the characteristics of other courts. The principal official committees that have touched on the subject in recent years have avoided this whole question, perhaps preferring to leave the process of administrative adjudication in the executive branch, or in the independent commissions and boards in whatever branch they may be.

The Attorney General's Committee on Administrative Procedure proposed to create a separate corps of hearing commissioners and to establish a staff agency to keep an eye on regulatory procedures. The committee suggested the formation of an office of federal administrative procedure, headed by a three-man board—one judge, the director of the administrative office of the United States courts, and a director of federal administrative procedure to be appointed by the President for a seven-year term. This office would keep in touch with federal procedures of adjudication and regu-

[29] *Cf.* Blachly, Frederick F. and Oatman, Miriam E., "A United States Court of Appeals for Administration," *Annals of the American Academy of Political and Social Science*, 1942, Vol. 221, p. 170 *ff.*

[30] See *loc. cit.* above note 28.

lation through liaison officers designated by each agency, and would study and recommend improvements. Each agency would nominate its own hearing commissioners for seven-year appointments, but the Office of Federal Administrative Procedure would have to approve the appointments, and the hearing commissioners could be removed only by this office

The minority of the Attorney General's Committee wished to go further than the majority in applying a judicial pattern to the organization and procedure of administrative adjudication. They urged the enactment of a code of administrative procedure. It would separate by statutory provision the functions of prosecuting and judging, define the scope of judicial review, and establish uniform standards of fair administrative procedure.

The Benjamin report on Administrative Adjudication in the State of New York recommended a similar central executive agency, a division of administrative procedure. Perhaps it is significant that Benjamin, although aided by a competent staff, was solely responsible for his report, instead of submitting it through a committee For the Benjamin report recommended that the division of administrative procedure be headed by a single director instead of by a board. The director was to serve at the pleasure of the governor, and the division was to be principally advisory in its function, having nothing to do with the appointment of trial examiners. The Benjamin report emphasized that administrative adjudication is an essential part of administration, which must be a function of the executive branch The threat to detach it from the executive branch had been more serious in New York than in the federal government, in view of the constitutional amendment proposed in New York to provide judicial review of the facts as well as of the law of virtually all decisions of administrative officers and agencies [31]

Executive Integration of Regulatory Bodies. Even more care to see that the present administrative responsibility for adjudication should not slip away into the judicial branch was shown several years earlier by the President's Committee on Administrative Management. It dealt with the administration of that function as it discussed the problem of the organization of the independent regulatory boards and commissions.[32] The President's Committee freely admitted that the same personnel should not prepare and prosecute cases and then sit in judgment on them. "This not only undermines judicial fairness; it weakens public confidence in that fairness"[33] The committee put still more emphasis, however, on the necessity

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[31] See Parratt Spencer D., 'The Benjamin Report, *Public Administration Review* 1942, Vol 2 p 348 *ff*, as well as the Benjamin report itself *op cit* above note 12

[32] See President's Committee on Administrative Management *Report with Special Studies*, Washington Government Printing Office, 1937 One of the special studies was 'The Problem of the Independent Regulatory Commissions," by Robert E Cushman, from which the proposal of the committee on the subject was drawn See also Cushman's more recent book, *The Independent Regulatory Commissions*, New York Oxford University Press, 1941

[33] *Report cit* above in note 32, p 40

of unifying the executive branch to keep the federal government from bogging down, like some state governments, by the weight and confusion of independent and irresponsible units. For, in a supporting staff study, Professor Robert E. Cushman pointed out that it was very difficult to disentangle the administrative and judicial phases of regulatory work—a fact on which all observers of the subject appear to agree—and that some of the regulatory commissions do not merely regulate in the sense that a police department or a public health officer regulates. For example, he observed that the Interstate Commerce Commission "regulates and manages the land transportation system of the nation." It is, "in short, a little government in itself set up for the purpose of governing the railroads." And, although its paths cross that of the President, it has no formal responsibility to him.

The President's Committee proposed, as Cushman suggested, a formula to provide both judicial fairness and executive integration. It recommended that the independent commissions and boards be put into the executive departments as bureaus or divisions, and that each of them be divided into two sections. One would be an administrative section, organized and staffed like any other bureau, which would handle the administrative, rule-making, and investigating phases of the work. If the cases to be handled were numerous and routine, it would also conduct the hearings in the first instance. The other would be the judicial section, including members appointed by the President and approved by the Senate for long and staggered terms. It would be in the department only for housekeeping purposes. It would hear cases and appeals

Some of these judicial sections might well develop into administrative courts, as Cushman pointed out, citing the precedent of the Board of Tax Appeals, which has since become the Tax Court In the meantime, he urged, the division into administrative and judicial sections would be a flexible matter. This flexibility would have its advantages. It would avoid the danger that an entirely new set of administrative courts might be staffed with lawyers alone, who would carry over with them the approach of the traditional judicial system By comparison with the regular courts, their more specialized acquaintance with the subject matter might well lead the new legal staffs of administrative courts to encroach even more aggressively on administrative initiative

This is speculation But we may recall that the Committee on Administrative Law of the American Bar Association proposed in 1936—without getting the support of the Bar Association as a whole—the creation of an administrative court, with a trial division of at least four sections, to absorb several "legislative" courts then in existence and take over their jurisdiction. This court would have settled claims and handled the revocation or suspension of licenses and other regulatory permits. Its appellate division would have reviewed the decisions of the trial sections on all issues of law and

fact. The ultimate purpose of the proposal was to extend judicial review to the findings of facts on which regulatory authority is based

Political Factors. There is no essential reason why a system of administrative courts should be expected to take over the administrative functions of executive agencies or encroach on them by extending the scope of judicial review. However, the administrative courts grew up on the Continent in part because the ordinary judiciary was not permitted to check administration To duplicate them here, where the courts have been accustomed to interfering too much, might give more opportunity for such interference

The letter of the law and judicial methods have never been the principal safeguards of individual freedom, even in the courts themselves The courts may have been more able to protect liberties in English-speaking countries than elsewhere because their traditional system gave them more discretionary authority to accomplish the moral objectives of justice than Continental courts were permitted [34] On the other hand, some of the strongest restraints on arbitrary administrative action are political

It has often been remarked that a regulatory agency and the regulated interest may tend to work together very closely Pressure of the political agency heads on their subordinates will often be in the direction of prosecuting only clear cases of violation in order to avoid the protests and political opposition that might be caused by questionable ones The agency ordinarily has a strong motive for going easy on its "constituents," since it may need their support in obtaining appropriations or additional legislative authority Moreover, agencies may have reason to fear that some of their regulatory functions will be taken from them and transferred to a competitor It is possible that this fear adds to their desire to cultivate the support of the interests they are regulating

The agency usually issues regulations as well as enforces them, and in preparing such regulations it generally consults closely with the interests concerned Any unreasonable requirement will certainly cause a protest to Congress, which holds over the agency the threat of reduced appropriations or withdrawal of statutory authority Thus we have a degree of responsibility to the legislature in the regulation of economic interests, whether the regulating agency is an independent commission or an executive department, in addition to the latter's responsibility to the President Neither house of the lawmaking body as a whole can deal with protests, but committee hearings give legislators a much more effective opportunity to dig into the details of administration The main shortcoming of the existing system is that—except in the event of disaster or crisis—it puts all the pressure in the direction of relaxing, rather than strengthening, the authority of the regulatory agency

[34] See two articles on this point by Pekelis, Alexander H, "Legal Techniques and Political Ideologies" *Michigan Law Review* 1943 Vol 41 p 4 *ff* and "Administrative Discretion and the Rule of Law," *Social Research* 1943 Vol 10, p 1 *ff*

5. Conclusion

Benefits of Administrative Specialization. The essentials of justice in human relations are eternal. They involve basic questions of ethics and politics which do not change with scientific or industrial development. In order to safeguard human rights and human dignity, it is necessary to have not only an elected legislature with power to establish the basic rules of society, but also a judiciary whose concern with fundamental values will not be distorted by specialized interests.

However, just as the legislature will best discharge its general function if it leaves technical rules to be established by responsible administrators, so the courts can most effectively protect human rights if the great volume of specialized cases is handled by administrative adjudication—subject to the power of the courts to enforce the principles of fair play.

Combining Flexibility and Principle. The role of government in modern society is too dynamic and too diversified for us to attain justice merely by conforming to traditional methods. Rigid judicial procedure would be intolerable in the wide fields of activity in which administrative agencies are today the copilots with private management.

Here is one of the great challenges to public administration in the future—to organize a system of administrative adjudication, closely associated with the execution of policy, that will combine the virtues of dispatch and flexibility with the degree of institutional independence necessary to safeguard individual rights.

CHAPTER

24

Personnel Standards

1. Responsibility and Competence

Ensuring Responsive and Resourceful Administration. Responsible public management is not simply attained by subjecting administrative agencies to axioms of "government of laws." It requires corresponding modes of administrative behavior—a true service ideology. It also requires institutional expectancies of technical competence. The demand for a high caliber of public personnel therefore not only aims at a working force of proved ability but also at general standards of efficiency. Without such standards no government department could undertake effectively to shoulder its statutory responsibilities.

In this sense, personnel administration provides the very foundation of resourceful and responsive management. The rules and methods which govern the organization of the working force in public employment occupy a central place in the system of administrative responsibility. Civil service commissions and personnel officers concern themselves with a large variety of highly specialized activities, but all of these activities bear in one way or another upon the problem of safeguarding the responsible conduct of governmental business.

Management and the Personnel Function. As with comparable functions like budgeting and planning, it is characteristic of personnel administration that its contribution cannot be measured objectively when it operates in the sphere of its greatest effectiveness, but its value is relatively determinable when it neglects its most important function. The paradox is simple to explain. The personnel director is essentially an adviser to management—from the top executive down to the first-line supervisor. As he performs this task, either effectively or poorly, his contribution is commingled with that of general management and therefore it is not separately measurable. On the other hand, if the personnel office confines itself to its own operations, it can boast of the number of applicants recruited, of training classes held, of jobs classified, and point to similar activities that

are capable of statistical treatment. These are all useful and necessary services, but such reporting fails to demonstrate the personnel office's role in management decisions.

The growing significance of personnel administration results from the increase in the knowledge required to handle successfully the human problems of a large organization. While the specific techniques of personnel administration are highly important, they achieve this importance only to the extent to which they contribute to sound working relations in an organization. Personnel administration aids the supervisor in accomplishing the goal of effective human relations by the assistance it can give him in meeting his responsibilities, even though he and his line superiors have to set the substantive objectives.

Reformist Background and Legislative Aspirations. An attempt to describe the present outlook on public personnel administration should not conceal its background in earlier reform movements. It is only because the reformers of a past era were relatively successful that public personnel administration has been able to advance its position to the point where it is being accepted as one of the most important units on the level of top management.

The presence of a merit system is usually indicated by the passage of legislation providing for appointments based on open competitive examination. Such legislation was enacted by the federal government and New York State in 1883 and by Massachusetts in 1884. Other states, cities, and counties have followed their lead and accepted the merit principle in public employment.[1] The astute observer will note at times, however, that while the façade furnished by civil service legislation is pleasing, the internal structure beneath has not always changed.[2]

Definite progress can be noted, nonetheless. In the federal government a large area of employment is based on merit. New York City under Mayor LaGuardia, Los Angeles under Mayor Bowron, and Minnesota under Governor Stassen are a few of many examples of comparatively effective adherence to the letter and spirit of the merit principle. In recent years, one of the greatest advances has resulted from the Social Security Act, which provides that local and state employees in services subsidized by the federal government under this law must be selected on the basis of open competition.

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[1] The period of greatest activity in the spread of the merit system was in the 1930's, when a number of states and cities enacted civil service laws. Various states, including New York, have a merit system based on provisions of the state constitution. This arrangement is sometimes preferred since constitutional provisions are not changed as easily as statutory enactments.

[2] Many civil service commissions have funds so inadequate that no good selection program can be undertaken. The presence of a large proportion of positions exempted from competitive examinations usually indicates that patronage still plays a strong role in appointments although there are also other more subtle methods to evade civil service provisions.

While much of the following discussion will relate to personnel management and organization, it may be stressed that there is not as yet sufficient acceptance by the people of the United States of the importance of good public management to justify relaxation of civic vigilance. Much still depends on the endeavors of such organizations as the National Civil Service League and the National League of Women Voters to extend and strengthen the merit rule.[3] So long as some groups favor ineffectual government, the merit system has to be guarded

New Outlook. The 1930's produced for the first time a widespread awareness of the fact that many able men and women consider government employment useful and challenging work. It is obvious that the public service has always had outstanding employees But this was a matter of chance, except in some specialized fields such as forest administration where government was a major employer. Economic conditions in the Great Depression and the marked extension of public administration turned attention to government as an attractive career

While the movement toward public employment resulted in part from the lack of opportunities in private enterprise and from the search for security, it developed into a positive acceptance of the distinct advantages of government work in terms of its contribution to the general welfare and its utilization of the individual's abilities.[4] The increase in enrollment in college and university courses in public administration and the higher quality of personnel who during this period entered the government service —city, state, and federal—are partial indications of the changed situation

Diversity of Government Employment Government employment varies sufficiently with time, place, and occupation to make generalizations difficult. Yet any one considering a career in government should be familiar with the conditions which he may find. Public service has been commended for its security and condemned for its low salaries. Both of these general assertions are definitely false in many specific instances. Private utilities, banks, insurance companies, and the large mercantile and manu

[3] Civil service reform has been in the mainstream of good-government movements in the United States The activity on this front began after the Civil War and is still going strong The National Civil Service Reform League only recently dropped the word Reform from its name, possibly as a result of the changed connotation of the term The student and the practitioner of public personnel administration should know the history of civil service reform Some good sources are Foulke, William D, *Fighting the Spoilsman* New York Putnam, 1919, United States Civil Service Commission, *1 History of the Federal Civil Service 1789 1939* Washington Government Printing Office, 1939 and Stewart, Frank M, *The National Civil Service Reform League,* Austin University of Texas, 1929

[4] The interest of university students in employment opportunities in the public service is indicated by the *Harvard Guardian* Conference on the American Public Service which was organized by a group of undergraduates at Harvard University The publication resulting from the conference is a significant addition to the literature of public administration Morstein Marx Fritz, ed, *Public Management in the New Democracy,* New York Harper, 1940

facturing establishments, practically speaking, for many of their employees offer as much security as does government Conversely, federal employment holds forth financial compensation which for all but the two or three per cent in the higher technical and administrative positions compares favorably with that of private industry.[5]

For instance, the top legal position in the federal service carries a salary of $15,000; incomes are ten or twenty times as large for some lawyers in private practice. On the other hand, despite the great ability of many lawyers in the federal service, there is no assurance that most of them would have higher incomes if they left the government for private practice. This is not to question the very definite need for higher salaries, especially in local or state governments, but rather to suggest that those interested in public service need not be deterred because of considerations of income.

As to the distribution of occupations in the public service, it should not be assumed that the majority of government employees are office workers. A government employee is just as likely to be a mechanic in a Navy shipyard or an Army arsenal, a letter carrier, a laborer on a highway or a sewer project, an inspector of elevators or livestock, a hospital attendant, a farmer's adviser on soil conservation or animal husbandry, or a laboratory assistant. The supervisors and administrators are not expert paper-shufflers but employees directing police work, the building of dams, the running of insurance services, or the maintenance of parks or highways Government has many clerks, but so does any company in private industry which is interested in maintaining records on its production, its income, and its expenditures.

2 The Personnel Office in Government

The personnel functions of the executive branch of government are typically divided among a central personnel agency, the personnel specialists in each agency, and the operating officials and supervisors This division of functions has inevitably led to fights for control The central personnel agency, usually called the civil service commission, tends to guard its powers and look with suspicion upon efforts of the operating agencies to assume greater responsibilities Agency personnel specialists, while on the one hand opposing the central personnel agency, on the other hand look askance at the efforts of line officials to obtain independence from personnel controls. The supervisors and even the operating executives frequently have not much use for either of the others. Yet it is a reasonable assumption that each of

[5] This statement is not meant to imply that government salaries are as high as those in private industry on the basis of comparison of duties and responsibilities, especially in the upper ranges But there are not so many high-paying jobs in industry, and the underpaid government employee may not be able to obtain a higher salary in industry because of lack of opportunity City and state governments, in general, pay much less than corresponding positions in private industry

the three elements in the personnel picture has an important role, and that light shed on their respective responsibilities will help avoid the heat of organizational friction

Central Personnel Agencies. No central personnel agency can hope to be popular always or with every one. Under the laws and constitutional provisions affecting its work, it must try to meet almost irreconcilable requirements.[6] A single agency cannot administer laws relating in general terms to veterans preference, apportionment, appointment by open competition, pay increases within grade, and classification and compensation based on evaluation of duties, and at the same time satisfy the specific recruitment, promotion, and classification needs of thousands of supervisors in individual personnel actions[7] The best central personnel agencies recognize the duality of responsibilities and evaluate each of their actions in the light of both responsibilities The major attacks on central personnel agencies have arisen when one or the other responsibility has been used as the sole basis for operation Attempting rigidly to enforce general rules of statutory personnel policy has resulted in criticism from the operating agencies of interference in good management Meeting fully even the legitimate desires of top administrators and line executives has resulted in public condemnations for seeming violations of laws and regulations

The relationship of the central personnel agency to the chief executive —whether he be mayor, governor, or President—is a vital factor in its success. Close contact is fundamental to the establishment of satisfactory working connections with line agencies and to obtaining adequate funds with which to operate In order to strengthen this relationship, there has arisen during recent years a movement away from independent civil service commissions with administrative responsibilities toward single-headed personnel departments assisted by an advisory committee with rule-making and review functions but no operating authority The new general principle was strongly advocated by President Franklin D Roosevelt's Committee on Administrative Management which recommended, in addition to

[6] Mosher William E and Kingsley, J Donald, *Public Personnel Administration* chs 4, 5, and 6 New York Harper rev ed, 1941, contains an excellent discussion of the functions and organizational problems of central personnel agencies This is the leading textbook on the subject Other good introductions are Improved Personnel in Government Service *Annals of the American Academy of Political and Social Science* 1937 Vol 189, *Readings in Public Personnel Administration* Chicago Civil Service Assembly, 1942, and Reeves, Floyd W and David Paul T, *Personnel Administration in the Federal Service*, Washington Government Printing Office 1937, one of the special studies for the President's Committee on Administrative Management

[7] *Cf* White, Leonard D, ed, *Civil Service In Wartime*, Chicago University of Chicago 1945, which indicates on the whole that civil service commissions can, if necessary, meet the recruiting needs even of wartime government if they transfer a large part of the initiative for recruitment to the line agencies See also above Ch 2 The Study of Public Administration, sec 3 Training for Public Administration

the abolition of the three-member commission, that the central personnel agency be made part of the new Executive Office of the President.[8]

Congressional opposition to this principle was based on the role of the Civil Service Commission as a control agency, as distinguished from the view of the President's Committee, which stressed the services that a personnel agency should offer to operating officials. So an intermediary arrangement was made the commission was maintained, but a Liaison Officer for Personnel Management was established as part of the President's immediate staff. Some states, however, such as Michigan, Connecticut, and Minnesota, have in effect followed the recommendations of the President's Committee. While this conflict between congressional and presidential views is symbolic of the dualism of responsibilities of the central personnel agency, there is thus far no conclusive evidence that the device of the single-headed personnel department has resulted in a definite shift of emphasis between control and service responsibilities

Working Relationships There is an unfortunate gap between the central personnel and budget agencies in most governmental units whereas their functions reveal the need for effective coordination In Connecticut, the budget and personnel functions are more closely linked than in most jurisdictions, partly as a result of having the heads of both functions report to the Commissioner of Finance and Control rather than independently to the governor This may indicate that the United States Civil Service Commission, if made part of the Executive Office of the President and placed under a head of that office who would also direct the budget function, could achieve a closer and more permanent relationship with the Bureau of the Budget than is possible on the present basis of informal agreements and mutual interests. Where there is a gap between the two functions, the personnel agency is prone to accuse the budget office of failing to recognize the human problems of administration while the budgeteers may decry the financial cost of proposed personnel policies.

The expansion of the functions of central personnel agencies, especially during the past twenty five years, makes it evident that a civil service commission's work can be ruinous to good administration unless its functions are properly administered[9] When appointments were its main task, good management could alleviate mistakes made The entrance of civil service commissions into such areas as classification, compensation, within-grade salary increases, service ratings, personnel utilization, and appeals from discharges has given them an outstanding opportunity to assist in the im-

[8] The most extended discussion of this important organizational problem is to be found in Reeves and David, *op cit* above note 6 The usual civil service commission in the United States is a three member, bipartisan board appointed by the chief executive with the consent of the upper chamber of the legislature, the members serving overlapping terms *Cf* also above Ch 8, The Chief Executive, sec 5, Arms of Modern Management"

[9] For discussion of what these functions should be, see Hubbard, Henry F, "Elements of a Comprehensive Personnel Program, *Public Personnel Review*, 1940, Vol 1, pp 1-17

provement of public administration and at the same time made inefficiency on their part a heavy burden which even the most competent administrators cannot carry. The expansion of personnel activities thus is a great challenge. Administering its program with full recognition of management problems, the civil service commission can help raise administration to a high plane; conversely, its work can lead to the condemnation of all personnel activities, both good and bad.

Of course, the personnel agency is subject to extraneous influences. The pressure groups in civil service administration are easily identified.[10] There is that part of the public which is interested in government employment, whose most frequent complaints are directed at the nature of the examinations used—some favoring one type, some another, based largely on self-interest. There are those entitled to veterans preference, who are anxious that this preference be observed faithfully.[11] There are the civic groups, who either as taxpayers or as citizens concerned with the general welfare are anxious that civil service commissions withstand other pressures, whether from the chief executive, the legislature, or special-interest groups, including government employees or prospective employees There are the various technical and professional bodies interested in higher qualification standards and higher classification grades in their special fields. And there are the legislators, interested in consideration of their constituents' problems and alert, at times, to correct apparent wrong-doing in the executive branch of government.

Departmental Personnel Offices. The central personnel agency cannot and, as a practical matter, should not attempt to carry out all specialized personnel functions by itself. Such an attempt would lead to self-destruction In any large jurisdiction, the central agency is too far removed from immediate operating problems to make this virtual monopoly desirable

To provide those personnel services which a central personnel agency cannot perform and to bring personnel operations closer to the operating officials who need assistance, departmental personnel offices have been established.[12] In the case of large federal agencies, bureau and regional personnel offices have also been set up. As was suggested previously, the central personnel agency can look on these offices either as contenders for power or as valuable allies in making the personnel function effective.

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[10] The best discussion of this and related subjects is to be found in *Public Relations of Public Personnel Agencies,* Chicago Civil Service Assembly, 1941

[11] Veterans preference can only be justified by a theory that public employment should be used for patriotic purposes, it cannot be justified either on the basis of merit system selection or the best administration of the public services *Cf* Miller, John F, 'Veterans Preference in the Public Service,' in Friedrich, Carl J and Others, *Problems of the American Public Service,* New York McGraw-Hill, 1935

[12] There is no adequate publication on the functions and administrative problems of a departmental personnel office Some discussion of this subject is to be found in Altmeyer A J, The Scope of Departmental Personnel Activities, *Annals of the American Academy of Political and Social Science,* 1937 Vol 189, pp 188 191

Too often, the situation has degenerated into open conflict, with the agency personnel office stressing the specific needs of its department, while the central agency has emphasized the over-all governmental viewpoint and legislative and procedural limitations. As a result, too much of the time of the departmental personnel office is sometimes spent in planning how to outmaneuver the central agency. What this differentiation of functions requires is administrative skill and professional competence on both sides. Since 1939, the Council of Personnel Administration in the federal government has proved to be an excellent device for helping to reconcile the two conflicting forces by providing a formal method for bringing together departmental personnel officers and Civil Service Commission representatives.

The creation of departmental personnel staffs is mainly a development of the 1930's, but the personnel office of the United States Department of Agriculture was set up in the 1920's shortly after the passage of the Classification Act of 1923. Executive Order No. 7916 of June 24, 1938, required each federal agency to establish such offices. They grew out of the clerical functions previously performed by departmental chief clerks in such matters as payroll preparation and recording of leave.[13] By and large, they have not been extensively developed in local or state governments, although the Department of Water and Power in the city of Los Angeles has long had such an office and some steps in this direction have been taken in New York City and elsewhere. In general, any governmental agency interested in a full-fledged personnel program can justify having at least one full-time professional personnel assistant, even when its total roster is as low as two hundred

No matter what the type of organization may be, the fundamental personnel needs remain the same, although emphasis varies with time and administrative circumstances. Classification of positions according to similarity of duties is basic to good administration and other personnel functions. The employment process, which encompasses recruitment, examination, selection, and placement, has long been considered the core of personnel administration. Equally important is the work involved in individual and group training and in employee relations. In some organizations, such as public transportation and utilities systems, safety engineering is a pertinent activity.

Relations with Operating Officials. The ultimate test of the effectiveness of any personnel office, whether central or departmental, is the extent to which it implements the work of the operating official. In other words, personnel administration is the means whereby the line official obtains specialized assistance to help him carry out his functions. The first task

[13] The existence of a personnel office is not a definite indication that the office is providing professional rather than clerical personnel services to a department. Too often expertness in regulations is substituted for skill in recruitment, placement, training, and employee relations.

of the personnel specialist is to aid the operating official in identifying and meeting his employee problems.[14] Handling of training and employee relations matters, setting qualification standards, and determining job duties is the work of the supervisor and not that of the personnel specialist. When the latter assists on these problems, he can do so only at the request of the supervisor To the greatest extent possible, the supervisor should be trained so that he can perform his own duties efficiently

It would be easy for the personnel officer merely to exercise control and not to attempt to enlighten or persuade It would be simple to dismiss a personnel request from a supervisor as improper and require him to justify each action in detail But it is obvious that this approach would lead nowhere The opposite and constructive approach compels the personnel officer to develop his techniques so that any suggestions made to the supervisor are based on convincing reasons

It should not be necessary to belabor this point, but much of the chief criticism of personnel administration is related to it Starting out with the point of view of reformers anxious to defeat the spoilsmen, personnel administration has yet to learn that it is now part of management, and not divorced from it It has yet to appreciate that its justification lies not in aloofness but in its contribution to management.[15]

Qualifications for Personnel Work Personnel administration is one of the social sciences, and its work therefore requires knowledge of human behavior and ability in personal relations Since it is also part of management it calls for a thorough understanding of all management problems, including organization, public relations, and coordination In addition, the personnel specialist, to be able to help the line official, must know the specific techniques of training, placement, employee relations, classification, and recruitment

The production engineer has his knowledge of machines and manufacturing methods, the physician his knowledge of human ailments and methods of treatment The personnel specialist has to be acquainted with the body of knowledge that has been developed in his field Without it he merely brings to the solution of a problem a vague desire to do well which, at best, is offensive to the supervisors In addition to his knowledge of techniques, however, he has to be skilled in their application He is not an automobile mechanic treating an inanimate car but a responsible agent counseling employees, interviewing applicants for employment, and advising management.

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[14] The most realistic study of this and related areas of administration is presented in Meriam, Lewis, *Public Personnel Problems from the Standpoint of the Operating Officer*, Washington Brookings Institution, 1938 *Cf* also above Ch 18, 'The Tasks of Middle Management and Ch 19 The Art of Supervision

[15] For a comparison of public and industrial personnel administration, see Graham, George A, Personnel Practices in Business and Governmental Organizations *op cit* above note 11, pp 337 427

3. Classification and Compensation

Characteristics of Classification. The introduction of classification into the field of public personnel administration has provided a tool which, while not yet perfected, is of basic importance to other processes such as employment, examination, training, service rating, salary determination, budgeting, and organizational planning.[16] The first classification plan in the public service which approached present-day standards was developed in the city of Chicago shortly before World War I. The federal government's classification program was adopted by Congress in 1923. A substantial number of city and state governments have made progress in these programs since that time. It is now generally accepted practice for a local or state government which enacts a civil service law to begin immediately with the preparation of a classification plan.

By classification is meant the grouping of positions on the basis of similarity of duties and qualification requirements. Each such group, which may include from one to a thousand or more positions, is called a "class" and each class has an appropriate designation. Classes are sometimes arranged in series—a graded hierarchy of classes in the same occupational field with the lowest class having the simplest duties and the highest the most complex tasks.

Grouping positions into classes offers a time-saving device which is of immeasurable benefit to other administrative processes. A state or city might have ten thousand positions but only six hundred classes. This means that it would require only six hundred examination registers to meet all of its employment needs, not ten thousand. The budget officer would not have to investigate each position in each department to determine whether comparable salaries are involved in budget requests from different departments, since the titles of the positions would indicate whether the duties are comparable. The training specialist would know, without having to make an independent investigation, which departments have employees who should be included in a given training program

Specifications are usually prepared in connection with the development of classification plans. These specifications furnish for each class a class title, a statement of duties, and a statement of appropriate qualifications. The statements provide a guide as to which class each position should be allocated to, the nature of the examination that should be prepared for recruitment, and the salary that should be paid for employees performing the duties described in the specification.

While these are some of the major purposes that class specifications are designed to fulfill, in actual practice they usually fall short of the goal. Too frequently the specifications are prepared primarily from the point of view

[16] The most thorough exposition of this subject is offered in *Position-Classification in the Public Service*, Chicago Civil Service Assembly, 1941

of the classification technician, and do not meet the needs of the examination and training specialists. As a result, the specialists in examination and training duplicate the previous investigation of positions by the classification staff. Extensive participation by examination and training specialists in the planning and formulation of classification plans helps to reduce such duplication.

Keeping Classification Up-To-Date. However, positions in any organization are always in a state of flux. Rapid changes in duties often result from turnover so that the old specification no longer accurately describes the new duties. Addition to or subtraction from the functions of an organization inevitably alters the composition of positions. A new administrator carries out changes which are sometimes not reflected in the organization chart but which affect the duties of positions. An increase or decrease in appropriations brings with it a reallocation of duties among positions. Such changes, constantly occurring in any organization, make necessary a day-by-day administration of the classification plan in order to keep it up-to-date.

Failure to recognize this need has been frequent and disastrous. It is as if the blueprints for a 1938 automobile were used to produce today's model.

To overcome this condition, a classification staff is needed that can, by working with the various units of the organization, keep abreast of position changes and make the necessary revision. This may be done by changing positions from one class to another or by establishing new classes. The necessary information is usually obtained by requiring a new description of a position whenever an appointment is proposed or a promotion recommended; or by means of periodic surveys of limited numbers of positions, on either an occupational or an organizational basis.

General Overview Versus Special Considerations. In the federal service particularly, and to some extent in state and local government, the classification process has been at times a source of mystery and frustration to operating officials, and at other times a game which one tries to win by evasion and misrepresentation The reasons are obvious. The classification specialist attempts to bring order out of chaos To emphasize the common characteristics of positions included in a class, he tends to gloss over those individual differences in positions which destroy the symmetry of his work. Inevitably, this means inadequate recognition of the relative uniqueness of some positions. Furthermore, the classification specialist looks at the total structure of the government jurisdiction, whereas the operating official is only conscious of the positions immediately under his supervision or under that of colleagues close by. Finally, despite some valiant efforts, operating officials have not yet been fully informed as to how classification operates.

This educational task is now recognized as essential. By means of conferences and written materials prepared specially for supervisors, some progress is being made. In the federal service, however, inflexibilities are produced by

the need for congressional approval of changes in grades in the classification plan. It is therefore improbable that frustration of management through the classification plan can soon be completely overcome. Administrative experience during World War II, fortunately, has shown that full coöperation between the United States Civil Service Commission and the line agencies at least can mitigate the more serious rigidities.

In the best administration of a classification plan, full weight is given to its close relationship with organizational planning. At least partly because of the necessary tie between these two administrative services, the Tennessee Valley Authority and the United States Department of Agriculture have the organizational planning unit as part of the personnel office, while in the United Nations Relief and Rehabilitation Administration classification was removed from the personnel division and made part of organizational analysis. In any case, no matter what structural arrangements are in effect, it is generally considered desirable to associate surveys for organizational planning with those for classification purposes so that duplicate inquiries can be avoided and the fullest use made by both groups of the information developed by each. Review by classification staffs of individual position descriptions often reveals organizational defects which should be corrected through joint action by management and organizational-planning specialists.

Classification and the Career Service. The implications of a classification plan for a career service and for the total personnel program are often overlooked. A good classification plan can be compared with a tree with a strong trunk, a few main branches extending from the trunk near the ground, and with proliferation becoming more evident the higher one goes. Similarly with a classification plan. The number of classes designed for original recruitment—the trunk and the main branches—should be kept to a minimum and be related to the educational system so that, for example, entrance classes are tied in with high-school graduation, college graduation, and graduate- and professional-school training. A large number of special classes beyond these entrance classes would not, therefore, interfere with the recruitment of the best students because of their lack of experience. Nor would it throw a heavy burden on the examining process by unduly multiplying the number of open competitive examinations which would have to be administered.

One of the most significant technical problems in the field of classification relates to the need for an understandable presentation of the differences between classes within the same occupational series and between series. Too often, class specifications have used vague terminology in attempting to establish this distinction. In consequence, a position as statistician might be in one class if the statistician worked in a small agency but in a higher grade if the agency were larger. It is true that semantic difficulties occur in other fields besides classification, but much of the mystery of classification to both management and employees would be eliminated by clearer descriptions of

class differences. In order to solve this problem, some class specifications prepared in the last few years have included a section on "distinguishing features of the work," thus emphasizing the differences between closely related classes.

The main misunderstandings in the field of classification arise from a confusion of the position that is to be classified with the employee doing the job. The classification technician attempts to allocate a position to a class, whether the position is occupied or vacant. He is concerned with the duties and responsibilities that have been assigned by management to that position, and, if the position is occupied, are being performed in it. He is not concerned with the individual employee's qualifications for the purpose of determining how well the job is done or whether the employee could assume additional responsibilities. In other words, the employee might be a certified public accountant and yet be performing duties which require only the knowledge and skill of a graduate of a commercial high-school bookkeeping course. Conversely, if the employee has had only bookkeeping training but is performing the duties of a highly skilled accountant, the position would be allocated on the basis of the duties only. Failure to follow this principle will result in gross inequities, either in favor or to the disadvantage of the interests of certain employees.

Compensation. The principal problem in the establishment of a compensation plan is the lack of a well-defined wage theory for the public service.[17] Lacking such a theory, those responsible for the preparation of a compensation plan have floundered among various improvised conceptions. Not by the process of clear formulation but by rationalization from practices that seem prevalent, wage-setting for per-annum employees in the public service appears to be generally based on the minimum rate necessary to obtain qualified employees. In brief, government has not attempted to set a high rate for private industry to emulate but has more usually adopted a rate which is not as low as the lowest-paying rate in industry nor as high as the highest.

In contrast with the practices controlling salaries of government employees paid on an annual basis, it is customary in the public service for the trades, labor, and other per-diem positions to be compensated at rates corresponding to the highest in private industry. One factor that accounts for this difference between per-diem and per-annum employees is that the work of per-diem public employees tends to be more closely comparable to that performed in private industry than the duties of the white-collar civil servant. When one union serves workers in both industry and government, there is obviously pressure toward reducing the differences between the two sets of pay scales.

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[17] For a discussion of the problems of compensation in the public service, see Richey, Carl L., "Determining Pay Policy," pp. 44-48, and Baruch, Ismar, "Surveying Prevailing Salary Rates," pp. 49-62, *Readings, op. cit.* above in note 6.

The compensation plan needs to be kept as current as the classification plan, although classification requires day-by-day review while the influences affecting the compensation plan tend to change more slowly. Increases and decreases in costs of living and changes in the demand-and-supply situation in specific occupations make desirable a periodic review, probably on an annual basis, of the salary rates which have been established. The city of St. Paul was the leader in tying the compensation plan into a cost-of-living index and providing for changes in compensation based on changes in the index. Other communities have followed this lead. The plan, if adopted with the full approval of the legislature, the chief executive, and the employees, is of substantial benefit in reducing wrangling and bitter disputes over wages. The Tennessee Valley Authority holds an annual joint conference of management and labor to discuss changes needed in the wages for trades positions, based on data collected jointly.

The usual compensation plan in the public service for per-annum positions provides for a minimum and a maximum rate and intermediate rates. One of the most contentious issues in personnel and budget administration arises in connection with methods for making increases between the minimum and the maximum—that is, in-grade increases. In the past, and still current in some places, such increases have been made on an unsystematic basis, often as a result of chance availability of funds or to reward a particular individual. To overcome this unsatisfactory condition, some government units—such as the city and the state of New York, the city of Los Angeles, and the federal government—provide automatic in-grade salary increases. In the federal service, these increases are based on period of service and efficiency, and provision is made for an extra increase for superior accomplishment. Formal plans for in-grade increases are apparently far superior to the previous haphazard methods.

By and large, the compensation to be paid for a class of positions is subject to legislative action. This control of specifics has had a deleterious effect on public administration. It has resulted in loss of competent personnel in periods of rising wages because of the rigidity of legislative determination. It has produced evasions in the administration of classification, such as reclassification of positions in order to obtain more money for a position, since the salary could not be changed to meet altered general conditions. It has also injected political considerations into the administrative process. It would seem desirable for the legislature to exercise its control by review of budget estimates rather than by review of the salary ranges for individual classes or series of positions.

4. Employment

Implications of the Career Idea. Employment practices and standards establish the "tone" of an organization. We can compare, in private industry, the sophisticated personnel of the advertising agencies and the staid

staff of financial institutions, the hurry of the newspaper room and the hushed atmosphere of the corporation lawyer's office. Organizations as old as most government agencies reflect differences in personnel as a result of variety in function, in standards used at the time each group was hired, and in age distribution. The bright young economists engaged in monetary research in the Treasury Department are different in type from the experts in the same department's Bureau of Accounts. The recently recruited stenographer fresh from school is different from the secretary who has been in the organization thirty years The Ph.D. just hired for biological research is different from his colleague who started out as a laboratory assistant after graduation from high school and advanced to the lower grades in the professional service.

These observations make plain that the setting of employment standards is part of top-management policy and not to be dissociated from it. The objectives stated by the chief executive, whether in terms of a "return to normalcy" or a dynamic program which stresses that "there is nothing to fear except fear itself," must underlie employment standards There was not much point in bringing into the government progressive minds when government was viewed as a negative, primarily regulating institution. On the other hand, unimaginative technical competence is not of much help to a chief executive interested in blazing new trails. It is the function of the chief executive to seek response from the legislature if his objectives are not theirs; it is the function of the employees of the executive branch to carry out the chief executive's goals under the laws. Attacks by Congressmen on appointments in the executive branch during the presidency of Franklin D. Roosevelt were therefore in the main aimed at the chief executive, even though in disguised form

Viewing this problem from a different angle, we can state that a chief executive should be able to secure the personnel resources that he needs to attain his objectives He may be faced, as was the first Labor government in Great Britain, with a civil service which on the whole is psychologically conditioned by sympathies at variance with his own. In such an instance, a speedy remedy may be repugnant to a merit and career system [18] Fortunately, American administration has its roots in all strata of society, and in the wake of the New Deal it shows a beneficial mixture of attitudes

A career service is the best insurance of good administration Such a service is predicated on recruiting young men and women with capacity

[18] The possibility of conflict between a chief executive's personnel needs and a solidified career service is obvious Periods of rapid social change place the greatest stress on a career service It is also obvious that demands for adjustment can be used as a subterfuge by those interested in patronage and the destruction of efficient administration Ideally, a career service should be distinguished by a true career ideology, assuring whole-hearted support of administrative competence to any lawful government This actually coincides with main tendencies of professional attitude The question of service ideology is also closely linked to that of the basic rights of the civil servant On this point, see above Ch 21, "Morale and Discipline," sec 3, "The Modes of Discipline"

for learning and growth, training them in order to develop and utilize their aptitudes, and offering them opportunity for advancement in responsibility and remuneration. The advantages are teamwork and continuity in administration, and an effective way of attracting the ablest candidates to the public service. However, the administration of a career service depends on a recognition of its implications. Among these, employment practices are extremely important. A career service requires positive efforts to induce the most competent individuals to compete in its examinations. It also requires that examinations emphasize capacity for growth, with achievement measured only to the extent that it also indicates ability and promise. Mediocrity would not be a proper measure since it makes inevitable the need for recruitment at levels higher than the present entrance grades to compensate for inadequacies in general ability.[19]

However competently a career system is administered, an occasional injection of employees from outside the service in higher-grade positions can be justified. New techniques in technical and professional services require new employees, both on a temporary and on a permanent basis, to provide leadership in the use of these techniques. Also, the stimulus of competition from outside an organization, if limited in its application so as to preserve the career idea, is a useful incentive to employees to keep abreast of developments in their fields. Of course, any extensive need for outside recruitment at higher grades is a reflection on the ability available within an organization. On the other hand, complete failure to recruit employees occasionally at the higher grades is probably also a reflection on the organization, because it might demonstrate self-complacency.

Recruitment. In general, public personnel agencies have done a poorer job in recruitment than in classification. While the classification techniques used in the public service are at least as good as those found in private industry, public recruitment has been inferior to that in commercial and industrial enterprise.[20] A notable exception occurred during World War II when the federal government—face to face with a need for more than two million additional employees while the military services were simultaneously withdrawing more than ten million individuals from the labor force—went out to the sources of manpower and used every known device, and some new ones, to get help. It should be noted, however, that this great success was accomplished during a period when competitive examinations were temporarily abandoned. Can the public service in the future

[19] The best discussion of the need for a career service is provided in White, Leonard D., *Government Career Service*, Chicago University of Chicago Press, 1935. *Cf.* also above Ch 2, 'The Study of Public Administration,' sec 3, 'Training for Public Administration' Ch 18, "The Tasks of Middle Management," sec 1, "The Dual Function of Middle Management", and Ch 20, 'Administrative Self Improvement,' sec 1, 'Evolutionary Currents'

[20] A good summary of recruiting practices in the public service is presented in *Recruiting Applicants for the Public Service*, Chicago Civil Service Assembly, 1942.

retain competitive examinations and yet meet the aggressive competition of private industry and the universities for talent?

A number of recruiting techniques have been devised to meet this problem. Examinations are being coordinated with the school year so that eligibility registers will be ready and appointments available before graduation. Operating officials with university, professional, and commercial contacts are playing a positive role in interesting competent individuals in government employment. But more can be done. Examination registers can be put on a continuous basis so that applicants for employment will be able to file at any time rather than during a restricted period. Advantages and opportunities in the public service could be better publicized through professional associations, college personnel departments, and pamphlets. Finally, the examination process can be speeded up so that the gap between the dates of filing an application and receiving an offer of employment would be greatly reduced.

In other words, personnel agencies should not be content with post-office announcements or obscure "help-wanted" advertisements to stimulate competition for employment. The number of applications received for an examination is never a sufficient guide to the quality of recruiting work done; only the quality of applicants indicates success in this field. In the same manner as advertising agencies test the comparative value of various media for selling specific commodities, public personnel agencies should study the results obtained from different recruiting methods for different occupations and grades of positions.

Examinations. Traditionally, the examining process has occupied the center of the stage for civil service commissions.[21] This situation is historically explained since the prime reason for their establishment has been the desire for improvement in selection. However, present trends show that management problems connected with classification, compensation, placement, training and employee relations play an increasingly important role, even though examinations will probably always continue to be of great significance.

Examining is one phase of public administration which borrows from industrial, educational, and military experience. Intelligence, clerical, and trades testing programs are similar in all these fields. But significant differences are to be noted. Examination methods in the civil service require that applicants be ranked in the order of their ability, from the top down, while military and industrial personnel processes tend to emphasize the determination of the applicant's minimum ability to do the job for which he is being examined. The civil service examination generally has to accomplish two purposes: first, to determine which applicants meet minimum

[21] For a detailed analysis of all types of civil service tests see Savre, Wallace S. and Mandell, Milton, *Education and the Civil Service in New York City*, Bulletin No. 20, Washington Office of Education, 1938.

standards; and second, to determine which applicant from among these is best, next best, and so on It is obvious that an examination which is used for both purposes in common must be much better than one used to determine only ability to meet minimum standards.

Moreover, examinations in the public service have to be virtually appeal-proof. They must be sufficiently objective so that they would produce equivalent results even if different individuals of the same professional competence were to administer them This necessity arises out of the right of appeal, even to the courts, available to candidates who question the fairness of the examination used Therein lies both a stimulus and a limitation for the examiner in a central personnel agency. It means that every method he proposes to use he must first judge by the two criteria of technical value and objectivity. Furthermore, the examiner in the public service is concerned with a third factor—the outer appearance of a testing technique in the sense that the examination, from the viewpoint of both legislative requirements and public pressure, shall look practical in addition to being technically sound.

In general, we may hazard the opinion that the soundness of examining methods for the public service has not been substantially reduced as a result of these three factors[22] While some testing methods which appear to be sound cannot be used because of the three limitations, others which are effective have been developed The examining process in government has met the basic standards of reliability and validity to approximately the same extent as the examination methods used by private industry.

The basic types of tests used in public personnel examinations are four: written examination, oral examination, performance demonstration, and evaluation of education and experience. These tests are used in varying combinations, depending on the type of occupation, the grade level of the job, and the number of applicants anticipated. The general method is to give greater credit for the written test, and little or no credit for experience in the lower grades of occupations This scheme is reversed in the higher grades, where the oral test is used in examinations for occupations when skill in dealing with people is important The performance test, which requires the applicant to demonstrate how well he can do the work, is used mainly in examinations for trade, stenographic, and typing positions

The greatest handicap to the improvement of the examination process in government has been the failure to evaluate examinations scientifically. Inadequate use of scientific methods, contrasting sharply with the extensive research programs of the military services in World Wars I and II, has kept examinations at approximately the same stage of development as they were

[22] Dr Uhrbrock, one of the leading testing experts in private industry, has stated "The federal service is far ahead of private industry in the use of modern selection methods" *Administrative Management* p 17 Washington Graduate School of the United States Department of Agriculture, 1938

ten to fifteen years ago. While it is recognized that the number of variables in many an administrative problem tends to reduce the possibility of accurate measurement, selection methods can be studied with relative precision. This is one phase of administration which can be made scientific; there should be no need for using methods based so largely on mere opinion as to what is good and appropriate.

Written Tests. The written test[23] is most extensively used in public personnel examinations. When well prepared, it is the best selection method for many types of positions. When inadequately prepared, it is frequently criticized as "academic," irrelevant to the job, and measuring factual knowledge only. Written tests can be grouped in the following categories: (a) general mental ability or specific mental abilities, such as verbal or quantitative reasoning; (b) aptitude for a group of occupations, such as mechanical, engineering, or clerical; (c) achievement in any particular field as a result of either training or experience; and (d) personality and interests.

In the main, achievement tests are most commonly used in the public service, with general mental ability tests in second place. The emphasis on achievement tests arises from the desire of operating officials to select persons who will be able to assume their duties immediately with little or no training. The situation in this respect is quite different in the military services, where mental ability and aptitude are stressed and adequate training is provided so that the assigned duties can ultimately be satisfactorily performed.

Emphasis on achievement may seriously restrict recruitment by eliminating from competition a large number of able beginners. In the federal service, the examination for junior civil service examiner was specifically designed to draw into government outstanding young applicants who could be trained and placed in positions where their abilities would be best utilized. This examination and the related junior professional-assistant examination have been the stepping-stone to appointment for many promising federal administrative employees. The entire examination for junior civil-service examiner and part of the examination for junior professional assistant have been a general mental-ability test which largely measures potential capacity rather than specific achievement.

Primarily as a result of studies made by universities and the military services, aptitude tests are now available for trade and clerical positions, and some central personnel agencies make extensive use of them.

For several reasons, written tests for measuring personality and interests have not been used often in the public service despite the great importance of these factors in successful job performance. In the first place, public

[23] A forthcoming volume of the Civil Service Assembly will offer the first comprehensive description of this field. For a summary of the material in this volume, see Sublette, Donald J. The Preparation of Pencil and Paper Tests,' pp. 71-87, *Readings op. cit.* above in note 6.

personnel agencies have done little in determining the value of such tests, while the data on their usefulness in industry still seem inconclusive. Secondly, since only a few tests of this kind are available and extensive preparation of new types is beyond the resources of most public personnel agencies, the continued use of the same tests might invite "coaching" which would eliminate any value the tests may have. Thirdly, and perhaps most important, we have little evidence to indicate that bright candidates, no matter how unsuitable their personalities, could not "beat" these tests by giving responses which would add up to a score quite at variance with their actual personalities. The significance of the factor of personality is so great, however, that continued research in both written and other types of tests is warranted in order to obtain an adequate measure of human behavior.

Returning to the general subject, we may note that the controversy between those advocating the essay type of questions and those favoring short-answer objective questions is practically over. Except where the number of candidates is relatively small, central personnel agencies are in general now using objective questions in their written tests. The advocates of the essay question emphasize its apparent value in measuring written expression and ability to develop an argument or a subject. However, in attempting thus to rate written expression, personnel agencies are faced with an expensive technique. It is also difficult, if not impossible, to get the general agreement of several raters on the score to be assigned to the response. Poor preparation of short answer tests has resulted in the charge that they measure only factual knowledge. Actually, such tests can measure judgment, reasoning, and analytical ability much more precisely and inexpensively than the essay test or any other type of test.

It is frequently stated that written tests are not useful in examining older candidates, since younger applicants, it is claimed, have an advantage on these tests. It has not yet been demonstrated, however, that candidates in different age groups but with equal ability get different scores on written tests. Where the written test attempts to measure extensiveness of experience, as frequently happens, it discriminates against the younger rather than the older candidate. Only when the written test attempts to measure knowledge based on college or high-school curricula does it favor the recent graduate; and it does so quite appropriately if the examination is for an entrance grade in an occupation where such schooling is the only qualification.

Oral Tests. The oral test[24] is used far beyond the point warranted by available data on its value. Its frequent inclusion in examinations seems to rest on its apparent suitability for measuring personal characteristics,

[24] A complete discussion of this subject may be found in *Oral Tests in Public Personnel Selection*, Chicago Civil Service Assembly, 1943. The oral test, though intended to probe into personality traits must not be confused with so-called suitability investigations, which can easily deteriorate into political witch hunting and encroachments upon fundamental rights. See above Ch. 15, 'Legislative Control, sec. 4, Quest for Accountability.'

not on its actual effectiveness. It traditionally is part of examinations for higher-grade positions and for positions involving extensive contacts with the public.

The usual method for conducting the oral test is to have the applicants interviewed by a rating board, which generally has three to five members. The members of the board ask the candidate questions about his background or general questions which will indicate his ability in oral expression. Generally, however, the important facts of human behavior are not revealed. The candidate is in an artificial situation, and the questions asked are on the level of a casual conversation rather than on that of a serious conference. The oral test, in such a situation, merely measures the superficial aspects of personality, speech, appearance, and general mental ability, as contrasted with the specific traits of leadership, tact, and forcefulness required in many positions

The past few years have witnessed the development of a number of new techniques which may do much to enhance the value of the oral test The "stress interview" attempts to put the candidate "on the spot" He is rated on his reactions to the stress situations, which may even attempt to duplicate actual work problems The oral testing method devised by former United States Civil Service Commissioner Samuel H Ordway, Jr and James C O'Brien requires the candidate to describe from his past experience incidents in which he successfully coped with situations similar to those that might arise in the position for which he has applied

The Adjutant General's Office of the War Department has made two improvements in oral testing methods in connection with the officer selection program In the first place, although a standard set of questions for the interview has been developed, the method of questioning has been kept flexible Secondly, the rating method is undoubtedly more reliable than the rather elementary techniques in general use One additional and promising oral testing method, utilized by the British Army and the Office of Strategic Services during World War II and also tried out by the United States Civil Service Commission, provides for discussion among several candidates of a topic selected either by or for them while the rating board observes but does not participate This type of oral test seems to furnish better evidence on leadership abilities and personality adjustment than the usual interview.

The improvements here cited offer hope that the oral test may become a significant factor in civil service examinations on the basis of statistical evidence rather than on mere opinion. Since this test lends itself to the same scientific evaluation as does the written test, intensive study may result in substantial progress The written test offers little hope of developing into an adequate measure of personality Perhaps the oral test will fulfill its promise

Evaluation of Education and Experience The evaluation of education

and experience[25] seems to offer important evidence on which to base a candidate's standing on the examination register. It is continuously in use for this purpose However, no one has yet demonstrated objectively and precisely that it has much value for selection when administered in accordance with the usual practices of civil service commissions. It involves the assumption that personnel technicians or occupational specialists can make a rational decision that, for example, two years of training in electrical engineering plus four years of experience as a design engineer of power-transmission lines is worth 87 per cent in a particular examination, while a degree in mechanical engineering plus three years of experience in operating a power-generating plant of a specific size is worth 84 per cent in the same examination. The process, except in extreme cases of either outstanding or sharply inferior experience, offers only slight hope of reasonably accurate measurement.

One recent major advance in this field has been the trend toward emphasizing the quality of experience offered by the candidate rather than the quantity As a corollary to this improvement, additional credit for experience may be denied beyond a measure set in advance Finally, the United States Civil Service Commission, for the three highest grades in the federal service, is using the technique of thorough investigation to obtain first-hand information on the quality of experience offered by applicants. This method, together with improvements that are needed in rating the evidence after it has been obtained, seems to offer the greatest assurance of progress in experience evaluation

Related to the problem of rating experience is that of establishing minimum education and experience requirements for admission to civil service examinations In our discussion of classification, it was suggested that one of the criteria of a good classification plan should be the support it gives to the career idea; that in each occupational series, entrance classes should be provided which do not require previous experience but only the completion of appropriate preparation or training This is essential, since experience requirements for the lowest grade would force the best college and high-school graduates into industry Conversely, if adequate written tests were used, experience should be permitted as a substitute for educational requirements in order to extend still further the area of competition.

Performance Tests In trade and clerical positions particularly, performance tests[26] have been applied with great success by central personnel agencies. The candidate is asked to do a "sample" of the work that the position entails, and he is rated on the skill he shows The typist actually types, the

[25] Despite the importance given to this test in many civil service examinations, it has not been studied with any great care For a discussion of the subject, see Pockrass, Jack, "Rating Training and Experience in Merit System Selection, pp 97-108, *Readings, op cit.* above note 6

[26] This subject is discussed in Cozad, Lyman H, "The Use of Performance Tests by the Los Angeles City Civil Service Commission," pp 88 96, *Reading, op. cit* above in note 6.

stenographer takes dictation and transcribes her notes, the electrician repairs a motor, and so on. Candidates like this type of test. Furthermore, the results obtained indicate, in general, ability to perform the job successfully. The performance test tends to be the most expensive type, but its great value justifies its use in many instances

Great care is needed in the preparation of the performance test in order to make certain that the work samples selected are representative, and not atypical, of the actual duties of the position, since the test cannot duplicate all the duties. In addition, it is desirable to design the test so that objective ratings may be given, because subjectivity in the rating process will destroy the value of even the best examination. For example, the strength of the welds made in a welding test can be measured by a machine in quantitative terms; the accuracy of transcription of a stenographer can also be rated against an objective scale in order to obtain reliability in the scoring process.

Placement. In the main, the function of proper placement of employees has been grossly neglected. Great care has been exercised in the examining process for original selection, and then the values to be derived have been wasted in poor assignments. In addition to the placement of a new employee in order to give him an opportunity to use his knowledge, skills, and abilities, the placement process involves a follow-up throughout his working career to make certain that there is maximum utilization of his capacities. Relatively little attention has been given to initial placement after recruitment, but even less care has been exercised thereafter.[27]

Civil service examinations are usually designed for the purpose of filling a group of vacancies rather than a single position. The candidates certified from the eligibility register for a specific vacancy are therefore ranked in the order of their general abilities. The agency making the appointment, however, has to consider additional information in reaching its decision as to who, among the candidates certified by the civil service commission, would be best in terms of experience, training, interests, and personality. Sometimes the considerations involved in passing over a higher-ranking candidate are hardly valid, but generally civil service examinations need to be supplemented by additional inquiry pertinent to the filling of vacancies.

[27] The field of service or performance ratings has not yet been fully treated However, a well administered service rating plan is essential to proper placement, training and supervision It is the device for recording periodically how well each employee is performing and what his strong points and his weak points are This information, if properly prepared, is invaluable for placement and training purposes As a development in service rating, the United States Civil Service Commission has stressed the preparation of standards of performance so that the service ratings can be based on written standards known to both employee and supervisor Most of the discussion of performance ratings has been directed at the design of the rating form, while experience indicates that the form is of secondary importance to the understanding and acceptance by supervisors of what is involved in the rating process Government and industrial service ratings are discussed in Halsey, George D, *Making and Using Industrial Service Ratings*, New York Harper, 1941 See also above Ch 19, 'The Art of Supervision,' sec 4, "Supervision and Employee Initiative"

Shifts in functions within organizations require transfers of personnel which should be handled on the basis of matching job requirements with the abilities of the employees affected. Not only experience and training but also interests and personal factors should be considered in making these transfers. The personality of the supervisor, the pace of work in the unit, and the opportunity for displaying initiative are all intangible elements of a job; they may make the difference between good and bad placement. The placement specialist should work with operating officials and training specialists in organizing a program for transferring employees among various units so that the employees can be prepared for more important positions. Some intern programs, such as those of the National Institute of Public Affairs in Washington, the Tennessee Valley Authority, and the United States Civil Service Commission, use this technique with excellent results.

Promotions can be considered part of the placement program. In many government jurisdictions, promotions are made as a result of competitive examinations conducted by the civil service commission. However, operating officials consider promotion by examination a limitation on their authority. Employees, on the other hand, tend to favor this device as an objective method for achieving advancement. When all the employees who compete in a promotional examination are working under the direction of the same supervisor, it is doubtful whether the examination is as valid a measure for selection as choice by the supervisor. When the supervisor who is to make the selection is not personally acquainted with the work of all the employees to be considered, an examination can be helpful for promotion as well as open competition.

No adequate interdepartmental transfer system exists in any large jurisdiction, although some agencies of the federal government have developed, for their own needs, methods for filling vacancies by transfers within the organization. The cost of interdepartmental systems, which require a current record of the training, skills, performance, and abilities of all employees, is apt to be high. Departmental systems usually provide for posting notices of vacancies on bulletin boards in addition to maintaining employee records in the personnel office. This practice can improve employee morale and aid in sound placement since, even in the largest organizations, some employees always find themselves in dead-end jobs without direct opportunities for advancement.

5. Training

Types of Training. Training is a fundamental problem and responsibility of management in any organization.[28] In the Army, the Chief of

[28] A brief introduction to this subject is to be found in *Employee Training in the Public Service*, Chicago Civil Service Assembly, 1941.

Staff has a training specialist as one of his immediate chief staff assistants. In private industry, progressive companies emphasize training far beyond its recognition in all but a few governmental units. In its highest development, the training staff devotes itself to two main objectives: (1) maximizing communication of policies, program objectives, and group ideas through all levels of the organization; and (2) instilling the habit of training throughout the managerial and supervisory groups.

Training may be either formal or informal; definite values and advantages are derived from each type. Informal training goes on continuously in every organization, but it has to be part of an over-all training program to be most efficient. This comprehensive type of training occurs in the day-by-day relationships of employee and supervisor, in conferences and staff meetings, in employee newspapers and organization publications, at meetings of professional associations, and in the reading and study that the employee undertakes at his own volition or at his supervisor's suggestion. Because such training is connected with the regular tasks of the employee, he can best integrate it with his own experience and thereby profit from it. Since there is no compulsion connected with it, his motivation is positive. Its influence, whether good or bad, is profound.

No formal type of training can match in importance that received from the supervisor. His comments on the employee's work, his suggestions for improvement, and his role in informing the employee on new developments in the organization, are basic to the employee's progress and happiness on the job. It is for this reason that the training of supervisors in employee relations, in the improvement of procedures, and in instructing employees has undergone such a phenomenal growth, especially during World War II under the outstanding leadership of the Training Within Industry Service of the War Manpower Commission.

Formal training can be divided into the following categories: pre-entry training, which is preparation for entrance into the public service; orientation, toward both the organization and the specific job; in-service training, for improvement on the present job and for preparation for advancement as well; and post-entry training, which is generally related not to the specific needs of the organization but to the individual's own personal desires and occupational interests.

Pre-Entry Training. Preparation for public service is usually haphazard. Despite the great increase in interest in government employment since 1930, very few public employees have completed a school course designed to prepare them for their careers. This fact has advantages as well as disadvantages. Because today the public service covers wide areas of technological, economic, and social activities, it can use employees no matter what special interests and training they may have. The nonspecialized type of recruitment, if it were supplemented by intensive and extensive training after entrance into the public service, would furnish an adequate foundation for

efficient administration. Unfortunately, however, most employees hired without special preparation for their work have not been given training after appointment.

In several occupations and professions, government service offers the principal employment opportunities: forestry, education, public health, and —since 1930—social work. In these fields, academic institutions and public officials have worked and are working closely together to make certain that the training given meets the needs of the public service. The greatest recent advance in organized university preparation has been in the broad field of public administration. University after university has followed the lead—if not the approach—of Syracuse in preparing special curricula, principally on the graduate level, for administrative training Some of the outstanding expressions of this trend are the academic programs of Harvard, New York University, Cincinnati, Wayne, Chicago, Northwestern, Minnesota, California, and Southern California; a great many other universities are undertaking similar training.[29] Such training usually attempts to be broadly inclusive, covering the major areas of staff and line operations in government rather than making the student a specialist in any one of them.

A fundamental conflict in philosophy exists as to which type of training for the public service is best Shall the training specifically attempt to give the student the rudiments of classification, examining, budgeting, procedure analysis, public welfare, housing, public health, streets and highways, and so on? Or shall it approach training for public administration from the point of view of public law, public finance, political institutions, and history? This conflict could be expected because of the variety of positions included in public administration The staff member of a municipal civil service commission will probably benefit more from the first type of training, while the general staff assistant to an important executive can use the second type more profitably Obviously, there is need for both kinds of training Quantitatively, in terms of immediate employment opportunities, the first method is more tempting However, if aspirants are to become our future top-line officials rather than auxiliary or staff specialists, the second approach has greater validity

Internship is probably the most effective device for bridging the gap between university training and public employment A number of universities use it for their engineering students It has also become a customary part of graduate training in public administration In the federal service, the National Institute of Public Affairs annually brings to Washington a group of the most promising recent college graduates who receive learner's

[29] This subject is comprehensively dealt with in Graham, George A., *Education for Public Administration*, Chicago Public Administration Service, 1941 *Cf* also above Ch 2 The Study of Public Administration,' sec 3, 'Training for Public Administration," and Ch 20, "Administrative Self Improvement," sec 1, "Evolutionary Currents."

assignments in federal agencies which are supplemented by lectures and attendance at local universities. This program has infused outstanding talent into government, with subsequent acclimatization to the conditions and problems of public administration.

Orientation Orientation programs offer rewards to an organization far beyond their cost. Their values are both immediate and of long-range character Orientation relieves the employee of the "stage fright" associated with entering a new job, and is a sign to him that the organization is interested in both his welfare and in helping him adjust to his new surroundings An orientation course usually includes information about the administrative structure of the organization, its history, its functions, and its personnel policies. Frequently an opportunity is provided for meeting some of the top officials In addition to orientation to the total organization, there is an equally urgent need for orientation to the specific job and the unit in which the employee will be working All too often, however, the method still is to show the employee his desk and tell him to go to work. Many agencies, on the other hand, furnish newcomers with an employee handbook describing the entire working environment

Manuals of operating procedures are extremely valuable in orientation to the job They set forth the rules, regulations, and processes in which the employee will be engaged Employee participation in the preparation of these manuals is an excellent in-service training technique; it requires the employee to evaluate his work methods and consider how his activity fits in with that of others

Formal training classes are an efficient orientation method when a number of employees have been recruited about the same time Orientation to clerical and stenographic employees can usually be provided on this basis in larger organizations because of the number coming in approximately simultaneously The training specialist may work with the placement officer in scheduling the entrance on duty so that new employees start as a group and thus make the training program more economical.

In both orientation and in-service training, the training specialist acts as adviser and assistant to top executives and to supervisory officials who have the responsibility for setting the objectives of training programs Their needs have to be met To put it differently, training is a management tool in which the trainer assists the supervisor in getting work done Working from this concept, then, the training specialist has to know management's problems as well as training techniques He is expected to assist the supervisor in identifying the need for training in the organization as well as know what techniques would be most efficient in achieving the desired results

In-Service Training. If there were no changes in techniques or functions, there would be little need for in-service training. But statutes and regulations are constantly changing, and new professional and administrative

techniques are constantly being evolved. Shall the architect use the knowledge he acquired when he went to college in 1928 to meet the problems of tomorrow? Will the clerical processing techniques of 1930 meet the needs of today? Shall the physician be left to his own imagination in learning about penicillin and other more recent medical developments?

In-service training is only a partial but appropriate answer to these questions. Certainly each employee has a personal responsibility for keeping himself posted on developments in his field, and his supervisor has the responsibility for furnishing leadership in this respect. But voluntary effort should be supplemented because all employees need to use the best techniques in their work, and an organized training plan for a group of employees is more efficient than individual efforts which will duplicate one another. Furthermore, the constantly broadening areas of each profession make in-service training essential. The housing specialist is no longer just an architect; he is now, in addition, an economist, sociologist, and political scientist. The public personnel specialist is no longer merely a psychologist but also a specialist in administration—much in the same manner as an army officer in command of ground troops has to know about the problems of air and naval warfare and the use of electronic and other scientific devices.

In the United States, police and fire departments, municipal and state, have had the longest and probably the best experience in public-service training. These departments do not operate on the assumption that they can send new employees out on a beat or to fight a fire immediately after appointment. Rather, they have established training schools which use the classroom for intensive presentation of the knowledge necessary to do police and fire work, followed by supervised practice in actual duties. Regular police and fire officers serve as faculty members to teach a formal curriculum. In addition to such training immediately after appointment, refresher courses are usually provided to keep the men alert to new technical developments in their work. The Federal Bureau of Investigation and state leagues of municipalities have supplemented local training programs by instruction which is of special help to small police and fire departments with little or no instructional facilities of their own.

The professional associations which have grown from the public service, primarily centered around the Public Administration Clearing House in Chicago, have made a significant contribution to training by means of their publications and conventions. Housing, welfare, police, fire, personnel, budget, and other public service groups, organized in associations, have helped to make true professions of their work. One of their most significant contributions, considering the tremendous number of units of government in the United States, is to bring to the attention of all of their members any promising new techniques and practices.

The public service continuously enters new functional fields and con-

sequently runs into skill shortages which have to be met. For example, the great expansion of personnel functions in the federal government during the 1930s and World War II produced a shortage which could not be met simply by recruitment of qualified personnel. Training was a necessity in this situation. Employees were recruited from general registers and then prepared for their work by means of classroom training and supervised work experience. The internship program of the Tennessee Valley Authority in the fields of personnel and public administration represented another organized effort in the same direction Lack of previous experience in price control and rationing made it necessary for the Office of Price Administration during World War II to use training methods extensively to meet its need for qualified technical and administrative employees

In addition to their participation in pre-entry training, the universities can do a great deal in the development of in-service training, although this frequently requires an adjustment in terms of evening courses, short institutes, or courses that cut across the usual departmental offerings. Despite such special problems, the universities have made a telling contribution, principally by means of evening courses established to meet specific training goals Those universities which are located in centers of government employment such as New York, Washington, Chicago, San Francisco, and Los Angeles have organized evening courses which are based on close analysis of the needs of government employees. The entire curriculum of the Graduate School of the United States Department of Agriculture is, of course, designed for this purpose Short institutes, such as those conducted by the University of Southern California, which meet for a few days of intensive discussion of some area of administration, constitute a training device perhaps more acceptable to the older and more advanced employee than the usual evening classes. As a supplement to its regular class program, the Graduate School of the Department of Agriculture has offered several series of high-grade lectures on particular subjects which have been helpful in meeting training demands.

The size and type of staff needed in the central and departmental personnel offices to make training effective is dependent on the relative emphasis between advice to supervisors as compared with formal training programs. A few training specialists of superior ability can perform the first function, even in a large organization. A much larger staff at various grades would be needed to perform the second function extensively. The training staff's closest relationship within the personnel agency is with the employment and placement staff because training is the main source of skilled employees where recruitment falls short of requisitions. In addition, the placement staff can advise the training specialists on the results achieved by training; at the same time, it can obtain information on training completed by employees to use for placement purposes.

Post-Entry Training. Post-entry training, while for the most part not directly related to the work of the employee, is definitely of help to an organization. An example would be training in engineering for a personnel specialist in a public-works or highway department. Training in personnel work or public administration in this instance would be considered in-service training; yet training in engineering in our example might be as valuable to the employee as the more closely related work in personnel administration. Hence the border between in-service and post-entry training is indistinct. Another example of post-entry training is that of an employee in a professional or administrative position but lacking educational preparation for it. He might undertake college or university training to supplement his practical experience.

It is desirable that the training staff assist employees who are interested in such training by furnishing both information on courses available and helpful suggestions about curricula. Additional training completed by an employee should be recorded in his personnel file so that consideration of his transfer or promotion may include the course work undertaken. In evaluating this training, the training staff should work with the placement officers so that the organization's needs and standards may receive appropriate emphasis.

Training staffs are sometimes accused of promoting training programs as ends in themselves rather than as a means for better work performance of employees and better administration. This may merely reflect the broader viewpoints of training specialists as to the knowledge and skills that are desirable. Unfortunately, it may also indicate that training has not been integrated with placement and management objectives. In practice, the second alternative means that in its educational work the training staff has gone off on its own path.

For a long period, training staffs have been faced with the difficulty of evaluating the results of their work. Because the value of training is not readily recognized in many organizations, it is important that adequate techniques of appraisal be developed. In general, the method used has been to obtain the opinion of the supervisors of employees who have participated in training programs. It is difficult, of course, to summarize such opinions into a precise report which would be convincing to management.

Where the quantity of daily work done in an organizational unit can be measured, the problem can be reduced, although not completely eliminated, by means of work measurement before and after training. However, where work count techniques are not suitable, the apparently objective methods that have so far been used, such as the reduction of turnover after supervisory training, are of questionable validity. What is needed are new criteria which will help measure the degree to which the employees possess competence and *esprit de corps* and to which supervisors have absorbed the habit of continuous training of their employees.

6. Employee Relations

Place of the Union. Employee relations[30] are no longer an academic topic. While most government employees are not union members, the number of members is sufficient to make unionism an important facet of public personnel administration.[31] Resort to strike by government-employee unions is usually prohibited by their constitutions, but strikes have occurred in government.

Legal provisions would usually prevent a closed shop in government agencies. The chief issue in union-government relations revolves around the degree of recognition accorded the union. Some officials meet every union request with a cry that the closed shop is not legal. The furthest that union demands in the public service generally go is request for recognition of the union as the bargaining agent for the employees of the administrative unit. The relative lack of experience of government officials in union relations leads them to reject this request with the same vehemence that was typical of private industry twenty years ago. Industry has shifted its attention away from union recognition for collective bargaining, which does not necessarily limit the employer in his hiring freedom or require the employee to join a union or continue his membership. Private management is concentrating now on the closed shop.

Stress and Strain. The history of labor relations in industry explains why recognition of a union of government employees accords with the objectives of officials who understand the value of unions, and why it is not relished by other officials who consciously or unconsciously oppose unions. The existence of more than one union in an organization permits the anti-union official to play off one against the other, while the official who welcomes union assistance in management is hampered by the multiple structure

Antagonism to unions in the public service derives from certain conceptions of government as an employer. It is argued that the importance of governmental functions makes potential interference with these functions a serious threat to the wellbeing of all citizens. However, the effects of strikes of utility, transportation, and food industry workers in private industry may be just as harmful to the public welfare.[32] It is further asserted

[30] The best discussion of the subject is to be found in *Employee Relations in the Public Service* Chicago Civil Service Assembly, 1942 *Cf* also above Ch 13, "Informal Organizational sec 3, Nonhierarchical Sources of Power Ch 19 The Art of Supervision, sec 3 Problems of Supervision and Ch 21 Morale and Discipline

[31] Adequate retirement systems, reasonable hours of work, sick leave and annual leave are all close to the interest of employee unions and should therefore be of concern to the personnel agency In many instances hours of work and leave regulations vary from department to department without justification It would be desirable for the central personnel agency working with the budget office, to take the leadership in standardizing these arrangements, as has largely been done in the federal government

[32] This is not to say that strikes are desirable in the public service, no government—federal, state, or local—considers strikes of its employees lawful

that the authority of the government official in bargaining with unions is circumscribed by legislative requirements and enactments. Yet the limits of administrative authority are known to unions and are no adequate justification for an absolute refusal of collective bargaining.

Unionism and Service Neutrality. The possible impairment of the civil servant's neutrality in political and economic issues is sometimes offered as a reason for rejecting government unionism involving outside affiliations. Those directly participating in labor matters in government, such as the employees of the National Labor Relations Board, recognize the validity of the argument so far as they are concerned; they abide by the principle of an independent union. But many government employees are not so close to the industrial firing line.

In the same manner as advocates of nonpartisan municipal government point out that there is no Republican or Democratic method for building a bridge, it may be shown that there is neither an AF of L nor a CIO way of delivering letters, sweeping a street, or inspecting milk. We may also speculate, considering the limited area of union demands, on whether the social basis of the higher civil service in Great Britain, for instance, is not a greater barrier to actual administrative neutrality than union membership of the rank and file of employees who are far removed from responsibility for policy decisions. Perhaps, too, the mores resulting from day-by-day employment in government are a stronger influence on employee behavior than dues paying and periodic attendance at union meetings.[33]

Value of Unions to Management. Thus far, the negative side of the union problem has been stressed. The positive values of government-employee unions should also be identified. Unions keep management alert since slipshod administrative practices will be exposed quickly. They offer a more efficient method for bringing some of the ideas of employees to the attention of the head of the agency than even the best-organized staff meetings. Finally, the participation of employees in management planning is desirable for any organization. Its benefits were clearly indicated by the experience of the labor-management councils sponsored by the War Production Board in private industry during World War II. Democratic administration is based on extensive and intensive employee participation, which in a large organization at least in part means union participation; autocratic administration knows that unions are anathema to its continued existence.

Both independent unions and unions affiliated with the AF of L and CIO are found in the public service, while in the trades area government workers are frequently in the same unions with their fellow-craftsmen working in private industry. The AF of L has a union for federal work-

[33] Because of their basic insecurity, unions frequently fight for personnel practices, such as emphasis on seniority in promotion, which are retrogressive. In other words, management can derive substantial benefits from recognition of unions but it also will receive requests which hinder good administration.

ers—the American Federation of Government Employees—and a separate union for local and state government workers. The movement to combine the two comparable unions of the CIO has led in 1946 to the formation of the United Public Workers of America. The National Federation of Federal Employees is the ranking independent union which was once affiliated with the AF of L.

Grievance Procedure. Handling government employee grievances and appeals can benefit from a few sound rules. Informal settlement is always to be sought first. The employee should be expected to discuss the grievance with his immediate superior, after receiving a statement of the issue in writing. The expensive and time-consuming appeal procedure should not be used for grievances which can be settled in the direct relationship between the employee and his supervisor. Adherence to this principle also avoids short-circuiting the supervisor and thus creating management difficulties. Beyond that, the head of the agency needs an appeals board, preferably composed of employee, management, and personnel-office representatives. It hears the appeal if discussion with the immediate supervisor and the next higher superior has not resolved the problem. The appeals board should make its recommendation to the head of the agency rather than issue its own decision since the responsibility for action should remain with the top executive. Speed is desirable at each stage of the procedure so that the employee will not distrust its effectiveness.

Employee groups have sometimes recommended that appeals be submitted to an impartial board established outside of the agency in which the employee works. In the city of Los Angeles, for example, and in the federal service so far as veterans are concerned, employees have the right to appeal to the civil service commission.[34] An outside appeals board has the advantage of impartiality, but its existence results in the formal disposition of problems which might best be handled closer to management. In small city or state governments, such an appeals board may be needed to ensure fair consideration; in the major federal agencies, this procedure may be unwarranted, especially when employees are represented on the board.

The issues involved in union relations, employee participation in the formulation of policies, and the handling of grievances are complex and deserve the close attention of the personnel director and an able employee-relations staff. This staff may at times assume that successful handling of individual employee problems is a satisfactory substitute for leadership on the more general aspects. However, there simply is no alternative to advising supervisors and management on proper employee-relations *policies* that will serve as an adequate framework for skillful handling of employee problems on the level where they arise.

[34] As an interesting parallel, under the Administrative Procedure Act of 1946 (sec. 11) hearing examiners may be removed "only for good cause . . . determined by the Civil Service Commission . . ." On this act, see above Ch. 23, "The Judicial Test," sec. 2, "The Administrative Process and the Lawyers."

CHAPTER

25

Fiscal Accountability

1. Fuel for the Engines of Administration

Administrative Responsibility and Fiscal Accountability. As general terms, responsibility and accountability may appear to have almost identical meanings. In the realm of administration both terms imply a relationship of subordination to the intentions of a higher principal. Thus we speak interchangeably of the municipal director of public welfare as being responsible to the city manager, and of the head of the state police as being accountable to the governor. However, under the political principle of "government of laws," the relationship of subordination to the intentions of a higher principal is institutional rather than personal; circumscribed by legal norms rather than by habits of dependence; sustained by free acceptance of its implications rather than by the claims of superior authority. Effective answerability is therefore less a response to specific demands made at will by a higher principal than it is the product of awareness of a common purpose embedded in the wider cooperative context. Responsibility is likely to suffer when its formalized elements—its "sanctions"—fail to bear closely on generally endorsed ends.

This becomes especially evident when we consider the evolution of those mechanisms by which government officials are made to answer for the use of public funds placed at their disposal for the accomplishment of defined objectives—accountability in its more immediate sense. The need for such accountability springs from the heart of popular government.[1] Legislative control of public administration would be only intermittent and intolerably clumsy as well if it were confined to the lawmaking function proper. For it is clear that sole reliance on the lawmaking function would reduce the writing of marching orders for the executive branch to statutory grants of authority or their repeal. Allocation of the fuel supply for the engines of administration on a year-by-year basis allows for much greater efficacy and

[1] *Cf* also above Ch. 15, "Legislative Control."

flexibility of legislative determination. This method of control, combined with adequate examination of the actual use of the funds voted, is focused on the questions of the desirable—and possible— *volume* of services *within* the framework of an agency's statutory mandate, and of priorities among alternatives.

The maxim of fiscal accountability on the part of government officials has never been seriously challenged. Indeed, it could not be challenged without a simultaneous onslaught on democracy itself. To develop the most appropriate *forms* of fiscal accountability has proved to be an entirely different matter Here we have been faced with a dual dilemma. In the first place, both the legislative and the executive branches have found it difficult to keep at a safe distance from the Scylla of controls so undefined as to be practically worthless and the Charybdis of devices so detailed as to be destructive of broader perspective And secondly, we have not yet achieved the necessary synthesis between suitably precise requirements and unimpaired pursuit of constructive administrative goals Ironically, though not surprisingly, the highest sense of administrative responsibility has collided all too often with formal stipulations of fiscal accountability. Conversely, the more distrustful and exacting these stipulations have been, the less have they attained their aim.

Notwithstanding procedural rigidities of fiscal accountability, it is plain that of all the great powers of government the most elastic and the most generally congenial is the spending power. It is adaptable to the widest variety of objectives—to wage war, to buy peace, to regulate the acreage of agricultural crops, to build highways, to stabilize the price of peanut butter. It is susceptible of countless techniques of application—by adding to the public payroll, by contracts for the services of private enterprise, by grants-in-aid to states and cities, by outright gifts, by conditional loans. It is supported by the taxing and borrowing powers of the wealthiest of nations It is subject to no constitutional restraints of consequence.[2] And if there are economic limits on its exercise, they have not yet been measured. The disbursement of government funds is one of the great harmonizers of divergent interests.

Multitude of Voices. While the American Constitution is explicit that "no money shall be drawn from the Treasury, but in consequence of appropriations made by law,"[3] the practice of conflict, compromise, and cooperation under the separation of powers divides authority and influence over the disposition of funds among many hands. Congress receives financial requests from the President. It obtains assistance on ideas and factual information from the various federal agencies. And it has the benefit of the over-all vantage point of the Budget Bureau on the expenditure struc-

[2] Among the constitutional literature, reference may be made especially to Corwin, Edward S., *The Twilight of the Supreme Court*, New Haven Yale University Press, 1934.

[3] Art I, sec 9

ture and the Treasury Department on the revenue picture. Without these aids the lawmaking body would be helpless to consider most appropriation bills. Yet it is free to disregard all such advice in any particular case.

Moreover, the legislature is importuned by lobbies, and must choose what answer to give to their demands. Its own members exhibit a spectroscopic array of opinions. Congressional rules of procedure afford few automatically effective self-disciplinary checks against divisive tendencies in fiscal policy. Last but not least, the scheme of congressional organization emphasizes the pluralism of power.[4] Separate committees in the House and Senate are charged with jurisdiction over taxation, appropriations, and expenditures in the executive branch. Many other legislative committees concerned with particular subject-matter areas contend for a voice in financial decisions affecting their clienteles. Over these, in the House, the Rules Committee and the majority leadership exercise a fitful control.

Within the administrative structure there is equal diversity of purpose. A bureau chief may have plans for bettering his program by the enlargement of field-service facilities. A field-office manager may come forth with different proposals for implementing the program in his area. The department head, sympathetic but harassed with alternatives of action, may fail to grasp the implications completely. A cognate bureau in another department may keep its jealous eyes on administrative rivals to its own position. The Budget Bureau watches the scene with a detached view of operations and under the institutional necessity of trimming most requests for money. A Treasury spokesman may reflect concern over the market for government securities if borrowing is to continue.

Pressures and Restraints. Purposes and pressures are dynamic. Congress does not exhaust its power in a single exercise, although its action tends to culminate in the passage of legislation. Administrative agencies, on the other hand, are involved both before and after legislative action. In continuing cycles they prepare and urge their financial requests for the next fiscal year while the funds appropriated for the current fiscal year are being spent and the expenditures of the previous one are being reviewed and analyzed. Of course, objectives and methods of the spending process alter with time and circumstance. During the quarter-century since the passage of the Budget and Accounting Act of 1921,[5] however, the mechanisms for formulating and implementing an integrated financial program for the executive branch have been steadily elaborated.

The emerging machinery has been slow in taking form, tardy in relation to the need, and feeble for the purpose at important points. Its

[4] This matter has received renewed attention in the recent report of the Joint Committee on the Organization of Congress, Senate Report No. 1011, 79th Cong., 2d Sess., Washington, 1946, and in the final report of the New York State Joint Legislative Committee on Legislative Methods, Practices, Procedures, and Expenditures, Legislative Doc. No. 31, Albany, 1946.

[5] 42 Stat. 20, 31 U. S. C. 11-16.

results still leave much to be desired. The elements of the system are as yet only partially understood and utilized by the direct participants in the fiscal process—legislative and administrative, staff and line. Congressional particularism is often hostile to a general approach that puts consistency and the broader public interest ahead of free barter over special interests.[6] On the administrative side, bureaus and departments have their traditions of autonomy as well as their own program interests, and cultivate their separate ties with legislative groups

Line establishments do not readily defer to the restraints of coordinating bodies. Staff agencies sometimes need to be reminded of the essential conditions of successful staff work. There was a time, for example, when a budget director turned down a request for more funds from the head of the Antitrust Division of the Department of Justice with the remark that too many antitrust suits were bad for business. Yet, in spite of surviving shortcomings, the gains of recent years in the techniques of fiscal coordination are impressive when contrasted with the splintering of responsibility that characterized nineteenth-century financial administration

Pattern of Legislative Money Grants. Annually Congress passes a dozen or more general appropriation acts, each supplying funds for the coming fiscal year to one or more of the federal agencies. Ordinarily these acts are voted during the closing quarter of the expiring fiscal year—prior to June 30. In addition, several deficiency bills are passed at irregular intervals throughout the year, disposing of the financial requests arising from needs not anticipated or acknowledged when the regular appropriation bills were considered. Appropriations specify the purposes to be served in all degrees of specificity. They may be small or large. A lump-sum grant of $8 billions to the Works Progress Administration established a peacetime high-water mark for both size and generality in one depression year of the 1930's. In the same year the Indian Service of the Interior Department was receiving its modest allowance in several hundred bits and pieces, each separately earmarked for a particular locality or activity.

Appropriations are grants. They are also statutory limitations The appropriation acts must be passed in some form each year and are not likely to be vetoed, whatever their final form They are therefore handy measures for the attachment of riders. Some riders grant new authority to relieve past inconveniences. Most of them embody additional restrictions, expressive of current legislative sentiment. Like barnacles once attached, such riders tend to become in effect permanent parts of the vessel, being carried forward from fiscal year to fiscal year

Each government agency has also its organic legislation, authorizing its existence and defining its powers. These laws establish limitations on the purposes and methods of expenditures. Another group of statutes lays down or authorizes uniform regulations of administrative practice covering all

[6] See above Ch 15 "Legislative Control" sec 1, "Means and Conditions of Control"

agencies unless specifically exempted—the salary limits of the Classification Act of 1923; government-wide pay-raise legislation; the retirement acts; the standardized travel regulations; the requirements of publicity and competitive bidding on government contracts in order to eliminate discrimination or recurrent possibilities of scandal.

A statute of 1893 forbids any agency to hire any member of the Pinkerton Detective Agency.[7] Since 1917 both the War and Navy Departments have been under an injunction, imposed in their appropriation acts, not to engage in any time studies by means of a "time-measuring device"—a strange idea in the day of work simplification in administrative operations. A further set of legislative restrictions is meant to protect congressional prerogatives against executive encroachment. Finally, the Walsh-Healey Act,[8] forbidding the letting of government contracts to firms that do not meet specified labor standards, is typical of a category of laws which limit administrative discretion in the interest of promoting an ulterior economic policy.

From another point of view, the character and impact of these restrictions varies considerably with the nature of the individual agency and the immediate objects of its expenditures. The overhead of salaries, office space, supplies, and travel is common to all agencies in some degree and makes up nearly the whole budget of regulatory agencies. Fiscal procedures and limitations governing these matters are widely standardized and minutely worked out. Different sets of safeguards are appropriate for payments of interest on the public debt; for loans to be made to business firms; for agricultural-adjustment and soil-conservation contracts with farmers; for veterans' benefits and pensions; for the construction of public works directly or on contract; for purchases of land; and for the procurement of industrial materials and manufactured goods. Superimposed on this class of limitations are variations in statutory restrictions based on the character of the agency —civilian or military, temporary or permanent—and on the degree of legislative confidence in its leadership.

The administrative spenders of public funds must proceed in the context of all these legislative directives. It is not necessary here to attempt a comprehensive appraisal of the immense and detailed content of this body of law. Suffice it to say that the whole edifice of fiscal law is an outgrowth of the constitutional separation of powers, and administrative agencies are accountable for giving the law full effect.

Forms of Accountability. It is time now to raise more specifically the question of who is accountable to whom and for what. In formulating an answer, the four focal points of financial control should be borne in mind. These are: (1) the operating bureau or unit which actually spends the money; (2) the larger agency of which the unit is a part; (3) the central

[7] 27 Stat. 591.
[8] 49 Stat. 2036.

offices through which executive control is exercised and over-all staff or auxiliary services are rendered—the Budget Bureau and the Treasury; and (4) the congressional committees dealing with revenue and expenditure.

The major mechanisms of control must be separately recognized also. In broad outline these involve: (1) the justification of estimates; (2) the superintendence of the use of appropriated funds; (3) the devices for timing the rate of expenditures; and (4) the audit and settlement of accounts. Finally, we must take into consideration the sequence of successive steps in the processes of appropriation and expenditure, which ordinarily spread over a period of two to three years—from the first administrative forethought to the last spending act. It is perhaps convenient to treat these factors by following the various stages in the life history of appropriations and expenditures as they occur in order to bring out the relevance of each factor.

In doing so, the landmark quality of the Budget and Accounting Act of 1921 emerges most visibly. In a very real sense, the act represented the fruition of years of enlightened agitation and thought. Although marred by some uncomprehending efforts and actions explainable only in terms of the immediate political situation, it charted a new course in the progress of financial administration. Looking back in some respects to the original conception of Alexander Hamilton, it reversed the drift of events during an intervening century to the fundamental emphasis on the unifying and consciously planning potentialities of fiscal processes centered in the constitutional responsibility of the chief executive. The act created one entirely new agency—the Budget Bureau, as a staff arm of the President—and reorganized an existing group of auditing and accounting offices into another new establishment, the General Accounting Office under a Comptroller General

The subsequent development of these two agencies has had a profound influence on the further evolution of federal financial management. Let us begin with the phase of justification of agency estimates of expenditures. The full cycle begins with the operating units in the several departments and establishments and returns to them in the end.

2. Justification

Call for Estimates. Each year in June the budget director issues a call to all federal agencies for their budget estimates covering the fiscal year to commence thirteen months thereafter—July 1. The call for estimates is in effect one method of achieving accountability. It places responsibility on the operating agencies for planning, formulating, and reviewing the work they see lying ahead of them, and for presenting justifications for funds to carry it on. The justifications must prove persuasive enough to induce the President to request, and Congress to approve, appropriations that will enable the projected activities to go forward

The call for estimates itself is a substantial document.[9] It gives an indication in general terms of the President's program for the future and its fiscal implications. It requires all agencies to submit to the Budget Bureau their estimates—the so-called language sheets, which set out the text of what the agency would like Congress to enact. It calls also for schedules of obligations—the so-called green sheets—showing the breakdown of expenditure, personnel, materials, travel, printing, and the like. It asks, finally, for justifications of the estimates. These consist of descriptions of the agency's organization and facilities and the nature of its work program, together with supporting data indicating its financial needs. In order to assist the operating establishments in presenting their case with care, the call for estimates is accompanied by a series of instructions. The usual deadline for the submission of the materials requested is September 15. Only in exceptional circumstances can this deadline be extended without jeopardizing actions at a later stage which have a fixed calendar.

The call for estimates is properly concerned with the application of objective criteria in the framing of justifications submitted by the agencies. Such objective criteria are especially important as a foundation for workload forecasts and operating standards of general validity. Usually, therefore, the call for estimates contains specific pointers like these:[10]

> Operating standards are essential for the translation of workloads into costs. In numerous units such standards and ratios have been developed and applied as effective tools of management and as bases for estimates of needed funds, personnel, and facilities, e. g., vouchers audited per examiner, claims adjudicated per examiner, cards tabulated per hour of machine rental, cards punched or coded or sorted per operator, documents filed or searched per file clerk, sheets mimeographed per machine, per operator, lines typed per operator, man-days or crew-days per acre or per parcel of land surveyed, cost per mile and per hour of vehicle operation, ratio of employment office personnel to total employment; ratio of payroll personnel to total personnel, cubic-foot costs of new construction by types, ratio of annual repair cost to total investment; and for institutional activities—cost per bed, cost per patient-day, personnel to patient ratios, and utilization rates As a contributory step in assembling and making more widely available operating standards now in use, and in furthering their development and application, it is desired that to whatever extent such standards have been developed each justification text present them in concise written or tabular form following, or as a part of, the presentation of the workload.

Departmental Consideration. Receipt of the call for estimates passes the ball to the departmental budget officer whom each agency is required by the Budget and Accounting Act to designate as the locus of its internal financial

[9] *Cf* Morstein Marx, Fritz, "The Bureau of the Budget Its Evolution and Present Role," *American Political Science Review* 1945, Vol 39, p 653 *ff*, 869 *ff* This paper contains also bibliographical references to the extensive literature on the budget process

[10] Quoted from the call for estimates for the fiscal year of 1918, Bureau of the Budget, Bulletin No. 1945 46 24, sec 33, Washington, June 24, 1946

controls. The development of budget offices proceeded unevenly among the federal agencies during the early years of experience with the act; the present situation still exhibits a wide range of competence and imagination. The departmental budget officer in some cases is little more than a glorified bookkeeper attached to the office of the agency head. In other cases, and particularly where the impact of World War II was felt most strongly, the budget officer has become an important participant in the management and planning of the department. For this role he is equipped with his own staff to keep abreast of the work of his agency.

Many variations from agency to agency prevail in the internal procedures for assembling and reviewing the preliminary estimates secured from each of the operating units within the department. Then also, some anticipated operations lend themselves readily to objective measurement, while others must rest on little more than informed forecasts and realistic guesses by those who have been closest to the particular program during the preceding fiscal year. As we have noted, the call for estimates makes explicit request for objective data where available or susceptible of development. Comparative materials may also be drawn in, as in the case of field offices performing substantially similar functions for the agency within limited territorial areas.

Patently, it is not enough for the budget officer to add up the sum of the operating requests thus assembled and report the total. Both before he relays the call for estimates to the bureaus and divisions and upon scrutinizing their requests, consultation with directing and planning top officials of his agency is needed. The several programs of the department must be correlated. Conflicts over activity priorities among departmental subdivisions must be resolved. Scales of values must be established for choosing among a multitude of competing alternatives. The estimates of staff, auxiliary and technical services—for such functions as personnel management, travel, printing, law enforcement, and public information—must be analyzed in terms of their adequacy and necessity in relation to the total scheme of substantive work programs of the agency.

The terms of the justifications must be reviewed as well as the figures they accompany. Inconsistencies and ambiguities not only jeopardize favorable action at higher levels but also point up weaknesses in the agency's own managerial arrangements. The function of the budget officer here is that of probing and questioning—and drawing attention to issues that require remedial action on the operating or policy-making levels. Except within the limits of already clearly expressed agency policy, he cannot safely attempt a resolution of the questions he raises without first assuring himself of the views and attitudes of the agency head or his deputies.

The measure of influence which this kind of departmental review year upon year exerts is a test of the strength and caliber of general departmental management. In American administration, the tradition of bureau or divi-

sional autonomy is strong. It may be fortified by outside links—personal relationships between the bureau chief and strategically placed members of Congress or a tightly organized special-interest clientele. Such relationships may render a particular bureau's estimates well-nigh untouchable.

The first head of the National Park Service in the Interior Department —himself a commanding figure—kept that bureau in such a position. Occasionally the well-dramatized personality of a bureau chief, particularly one connected with an activity of such general public interest as crime detection, may have the same effect The budget officer single-handedly cannot try to change the institutional "facts of life." Lack of interest and backing on the part of his agency head may prevent him altogether from making a significant contribution in his area. Nevertheless, the trend of recent years has been to professionalize and invigorate the budget process.

Pressure from the Budget Bureau has helped. Moreover, ordinarily too much is at stake for the future of the agency to allow the budgetary aspect to be slighted. When departmental review of internal estimates is undertaken actively and intelligently, it affords one of the best occasions in the entire range of administrative management for program planning and reappraisal. This would be inconceivable without participation of the agency head, advised by his immediate staff. On him falls the main burden of public responsibility for the success of his department's total program.

Departmental consideration of the proposed financial program for the next fiscal year also supplies opportunity for experimentation with novel methods of budgetary presentation Some types of programs lend themselves to analysis in project terms as distinguished from organizational units The Tennessee Valley Authority and the United States Department of Agriculture have made notable contributions to budgetary practice in this direction. One good example—but not the only one—is suggested by construction projects scheduled over a definite period of time; when undertaken directly by the agency itself, these may involve the activities of several organizational units such as engineering, personnel, construction, and finance. Research projects, whether or not they involve more than one organizational unit, admit of definition in terms of a stated goal and may be treated in the same way

Review of estimates within the agency may occur more than once. At a later stage, it is not infrequently necessary to repeat appraisal and reappraisal with a still sharper focus. The agency's estimates as initially submitted may be returned by the Budget Bureau for reconsideration and reduction, perhaps to a specified lower figure. Then the agency has an opportunity to recommend the manner in which the reduction is to be absorbed. In such a situation, a high order of critical analysis is required of both the management staff and the program chiefs, and the claims to priority among individual programs themselves must be reexamined.

Formulation of the Executive Budget. Up to this point, the process of justification has served to secure accountability for orderly planning and correlation of the various programs that each agency proposes to carry forward. Within the Budget Bureau, all departmental estimates are brought together and examined in the Estimates Division.[11] Its staff members are assigned on an agency basis so that over a period of years a considerable degree of specialized knowledge and practical familiarity with the operations and problems of each agency is developed by individual budget examiners. These may in fact have been informally consulted by the departmental budget officer while the estimates were being prepared under his guidance. The examiners, in turn, may have already called on the resources of the Budget Bureau's Administrative Management Division or other staff units to assist the agency in solving some of its recurrent problems.

Now the process reaches the stage of administrative hearings under the auspices of the Budget Bureau. These hearings are conducted by committees, each headed by a senior staff member. The individual department is represented not only by its top officials and its budget officer but also by those of its program chiefs whose areas are primarily concerned Committee hearings are informal but searching.

They may dwell on policy and program questions as well as operating problems and cost standards. They may be over in a few hours for a small establishment or take weeks for a large department Written justifications are supplemented by oral discussion Particular attention is paid to changes in financial requests over those for the current fiscal year

In all these matters the members of the hearing committees have the benefit of specialized counsel from staff in other divisions of the Budget Bureau. The Fiscal Division, for instance—occupied in the main with analysis of the broader governmental programs and their economic implications—is in a position to offer expert advice on such subject-matter fields as social security, foreign commerce, investment, transportation, consumer expenditure, and federal-state-local relationships The Statistical Standards Division, with its coordinating functions in the wide area of data collection as an essential aspect of the administrative process, can contribute technical information and professional judgment on agency plans involving fact finding projects. The Legislative Reference Division, as a clearance facility for the adjustment of departmental intentions to the President's legislative program and for achieving accord on proposed executive orders, is able to account for the status of pending measures The Administrative Management Division, through its surveys and studies of organizational matters and operating methods throughout the government, is likely to possess first-hand knowledge of the conditions of agency management.

[11] For the different phases of the budget process, see Morstein Marx, *loc cit* above note 9, p 870 *ff*

This last division, though a product of recent years, has gone far toward giving full expression to one of the most significant features of the Budget and Accounting Act—the integration of the budget process with the managerial concerns of the chief executive The act expressly charged the Budget Bureau with the task of studying problems of governmental structure and operations in order to promote "economy and efficiency in the conduct of public service"[12] It is difficult to overestimate the importance of this assignment It gave a healthy emphasis to the positive core of budgeting as a means of developing a unified and comprehensive work plan for the government.

Such a work plan does not result from a formalized adjudication of agency requests for funds It can take shape only when there is mature appreciation of the living processes of administration as well as firm grasp of program interrelations Conversely, the framing of a work plan for the government as a whole puts the spotlight on hidden managerial weaknesses and operating inefficiencies These are not eliminated by pious admonitions alone A workmanlike approach is required to show how to do it

The business of the hearing committees, though removing the remaining doubts about facts or reasons through joint consideration of the written justifications presented by each agency, is merely preliminary to another step. This is the internal examination of the emerging picture, department by department, by the budget director assisted by an advisory review committee of annually changing membership The outcome of this review determines the array of surviving issues and general problems that can be settled only in conferences with the President

The President's decisions give the executive budget its final form However, the principle of the executive budget means merely that Congress has the assurance of receiving a responsible and all embracing proposal, framed with an eye to government-wide rather than purely departmental interests The last word is the legislature's

Legislative Action. The executive budget is placed before Congress early in January, accompanied by the President's budget message This message contains the highlights of his financial program for the next fiscal year, including an informative discussion of its anticipated impact upon the economy and of the government's principal plans for action. Because of the increasing difficulty of differentiating the contents of a document so fundamental for the welfare of the country from the President's annual message on the State of the Union, both messages have recently been combined The combined message also concerns itself with the recommendations for the maintenance of economic stability and high-level employment

[12] Sec 209 of the act

made annually by the new Council of Economic Advisers to the President under the Employment Act of 1946[13]

The federal government today represents "the world's largest enterprise"[14] It is therefore evident that its annual revenue program and the character of its yearly outlay have profound effects upon the whole economy. Modern economists such as the late John M Keynes, William H Beveridge, and Alvin H Hansen have done much to make governments aware of the opportunities they have at their disposal for influencing the general level of economic activities through a carefully planned fiscal policy[15] Fiscal policy is made up of four basic components—taxation, borrowing, expenditure, and debt management Constructive fiscal policy, as an increasingly important tool of public stewardship, must attempt to relate the government's budget to the nation's budget The latter is in balance only when the anticipated receipts of consumers, business, and public authorities—federal, state, and local—equal their projected expenditures These expenditures are known as the "gross national product"[16]

Fiscal policy can be effective only when it is bolstered up by more than coherent revenue and expenditure planning It may be contradicted by governmental wage policy It may be defeated by tax measures that impair the formation and free play of venture capital It may collapse when the goverment fails to take prompt action in order to prevent an inflationary spiral or an impending slump In brief, it must have the support of other public policies, including those controlling the various types of economic regulation and the scope of spending operations such as social security Only when fiscal policy is the reflection of a fully consistent working approach permeating all activities of government can it achieve its course setting ends For this, a realistically considered budget is a prerequisite

Although the President s budget message outlines the major considerations that underlie the proposed expenditure structure, it has thus far been less revealing on the "background of thinking"[17] about the budget at large Nor is there a routine technique for submitting to the Appropriations Committees on each main point a "specific memorandum indicating the

[13] Public Law No 304 79th Cong 2d Sess approved February 20 1946 For a discussion of the background of this law, see Morstein Marx Fritz ed Maintaining High Level Production and Employment A Symposium *American Political Science Review* 1945 Vol 39 p 1119 *ff*

[14] Joint Committee on the Organization of Congress *op cit* above in note 4 p 19

[15] *Cf* Colm Gerhard Technical Requirements in the symposium cited above in note 13, p 1126 *ff* Wickwar W Hardy British Plans *ibid* p 1137 *ff* Holcombe Arthur N Over all Financial Planning through the Bureau of the Budget, *Public Administration Review* 1941 Vol 1 p 225 *ff*

[16] *Cf* the President s Budget Message for the Fiscal Year ending June 30, 1947, p LI, Washington 1946

[17] Budget Director Harold D Smith, testifying before the Senate Appropriations Committee, *Hearings* on the Independent Offices Appropriation Bill for 1946, p 307, 79th Cong, 1st Sess, Washington, 1945

background of particular proposals."[18] The budget director has pointed out in congressional hearings that current practice leaves him little chance of laying "our facts" before the committees.[19] This is the more serious since, in departure from the theory of the executive budget, the "defense" of the President's estimates before the Appropriations Committees has been traditionally entrusted to the representatives of the individual agencies concerned. The Budget Bureau has no official share in the legislative process, except in the role of a watchful observer and an occasional source of additional information in response to committee requests.

Ordinarily the Appropriations Committee in either chamber, without any penetrating preliminary analysis of the executive budget as a whole, distributes its various segments among a group of subcommittees, each operating in virtual independence. The consequences of this procedure, with particular reference to the House, have recently been placed in bold relief by the report of the Joint Committee on the Organization of Congress:[20]

> For instance, a bill appropriating funds for the Department of the Interior is considered by the Interior Department subcommittee. This subcommittee holds hearings in executive session from which are excluded not only the public and the press but all other Members of Congress, even the other 35 members of the Appropriations Committee who are not members of this subcommittee. Members of Congress . . . have little knowledge of what transpires within the subcommittee until the bill is reported. Opposition to the requested appropriation which, if informed through open hearings and publicity, might give much beneficial information and suggestions to the subcommittee, to the full Appropriations Committee and to Congress, is thereby stifled or, at best, put at a decided disadvantage.
>
> Moreover, . . . consideration of appropriation bills by the House Committee on Appropriations is perforce rather perfunctory. The full committee does not consider it necessary to give bills the same detailed examination they have already received in subcommittee. Here also all consideration is in secret session.
>
> . . . the usual procedure in the House Appropriations Committee, when a subcommittee reports, is for the subcommittee chairman and the ranking minority member to present a brief summary of their report to the full committee. After brief consideration and opportunity for amendments, the bill is then promptly reported to the House. In practice, careful consideration of the measure is thus limited to the members of the subcommittee in charge, upon whose judgment the full committee generally confidently relies.
>
> Reports of the full committee on major bills customarily reach the floor soon after committee approval. Under these circumstances, the findings and printed hearings on appropriation bills are usually not available for careful and sustained study by the membership at large before the bills are reported to the House for its action. The hearings are naturally massive in size and complex in detail. As a result, it is

[18] *Ibid.*

[19] *Ibid.*

[20] *Op. cit.* above in note 4, pp. 20-21.

> not easy for Members of the House fully to inform themselves on the complex contents of appropriation bills before they come up for final action on the floor

The virutal autonomy of the subcommittees of the Appropriations Committee in either chamber and the peculiar safeguards of privacy with which they have surrounded themselves lead to a destructive fragmentation in the legislative treatment of the executive budget Submitted to Congress as the work plan of the government, it is analyzed principally in terms of the needs of particular departments In order to overcome this distortion of perspective, Congress long ago consolidated the several appropriation committees in each chamber as a much-needed implementation of the Budget and Accounting Act In actual fact, however, the diffusion of responsibility which the consolidation was intended to remove, has come to life again in the present scheme of subcommittees

Fragmentation of point of view toward the executive budget as a whole encourages an alignment between individual subcommittees on the one hand and their departmental clients as well as outside pressure groups linked to the departments on the other In addition, the degree of power exercised by the subcommittees plays into the hands of individual lawmakers who exert personal influence within their particular subcommittees. This often becomes conspicuous at a later stage when Senate and House conferees meet in order to iron out disagreements in their votes on appropriation bills

Congressional Reform Proposals Equally consequential is the institutional separation between the revenue raising and the appropriating committees. In the language of the document previously cited, "Neither, so far as congressional machinery is concerned, gives any consideration to the relationship between income and expenditures The appropriations committees are not required by statute or rule to keep total outgo within anticipated income"[21] This point, together with related defects in the present system of fiscal control, figures prominently in the recommendations advanced by the Joint Committee on the Organization of Congress

The committee "believes that Congress has not adequately equipped itself to resist the pressure of departments and agencies in behalf of larger expenditures"[22] To provide better 'equipment" the committee has recommended a drastic remedy—adoption each spring of annual budget totals proposed by joint action of the revenue and expenditure committees Once these totals are set by concurrent resolution there would remain two alternatives [23]

> In the event, after consultation and investigation, that the appropriations committees are unable to bring anticipated expenditures within estimated receipts, a record vote expressing the policy of the Congress

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[21] *Ibid*, p 19.

[22] *Ibid*

[23] *Ibid* pp 19 20

> to create additional Federal debt in the amount of the excess would be required. The budget resolution would have to be approved by both Houses before any appropriation for the next fiscal year would be valid.
>
> Should total appropriations later be found to have exceeded the total budget figure as set by the Congress, all appropriations except permanent appropriations and those for servicing the public debt, for veterans' pensions and benefits and trust expenditures, would be automatically reduced accordingly by a uniform percentage designed to bring total appropriations within the over-all limit previously fixed.

The difficulties likely to arise from adoption of such a proposal are not obscure. In the first place, an automatic ceiling is a crude device at best, allowing for no differentiation among varying levels of priority with respect to individual programs incorporated into the executive budget. Past experience with over-all ceilings in different governmental jurisdictions and in different substantive contexts—including general tax and debt limitations—has demonstrated the irrationalities of their cramping effects. Secondly, determination of annual totals after submission of the executive budget to the legislature raises a practical question of appropriate timing. Much of the effort embodied in the executive budget will come to naught if it is necessarily unrelated to ceiling figures adopted only after budget completion. The internal balance of the plan is in part conditioned on the size of outlay. On the other hand, it would hardly be a feasible procedure for Congress to commit itself to budget totals without having taken a good look at the individual programs to be financed. Thirdly, the self-imposed deadlines on congressional action envisaged in the scheme can scarcely fail to invite filibuster.

In a sense, no doubt, the idea of budget ceilings determined after completion of the government's annual work plan is a partial negation of the very theory of the executive budget. The President would ordinarily have reason, of course, to welcome a general expression of sentiment on the part of Congress before the executive budget is formulated. Yet there will be occasions when even in full knowledge of such sentiment he would consider it his duty to present facts and figures in justification of higher expenditure for vital programs on which he would want to argue his case. The matter of the best timing of any legislative declaration of intent, however general in form, would still be perplexing. A definite adoption by concurrent resolution of budget ceilings puts additional weight on the time factor.

Lastly, a uniform reduction of all appropriations—with few exceptions—on a percentage basis destroys the opportunity for administrative reconsideration and adjustment in the volume and emphasis of individual programs and activities. Is it realistic to assume that a research enterprise of paramount importance for our national defense could be cut back in a blindfolded manner in exactly the same way in which an appropriation for the construction of federal office-buildings would be reduced percentage-wise? Would not the Secretary of the Navy, for instance, feel impelled

to press earnestly and vigorously for a reconsideration of the effects of such over-all shrinkage of funds on the security of the country? Automatic reduction is certainly no convenient avenue of escape from the "pressure of departments and agencies in behalf of larger expenditures."

Other committee recommendations rest on sounder grounds. These include suggestions for fuller scrutiny of appropriation bills by each Appropriations Committee itself, establishment of the general rule of open committee hearings and sessions; earlier submission of appropriation hearings and reports to the House and Senate; and preparation of a uniform appropriation classification to be utilized in the hearings.[24] Each suggestion, in the light of current practice, is a step in the right direction

The proposals also place desirable emphasis upon expansion of competent staff assistance to the appropriation subcommittees, and on provision of modern accounting machinery and equipment for the committee staffs. Inadequate staffing of Congress is an old and legitimate complaint.[25] Better staffed Appropriations Committees would at the same time be able to develop working contacts with their counterparts in the executive branch, especially the Budget Bureau The budget director has spoken of such continuing staff relations as "most profitable".[26] By pooling the resources of opposite staff groups it should be possible to avoid duplication of study and inquiry for competitive reasons Cooperative arrangements of this kind might also temper unfavorable congressional attitudes toward the budget process For instance, legislators have repeatedly urged the Budget Bureau to assume the role of a strong minded and independent guardian of economy for economy's sake, while equally often censuring it for reduction of expenditures proposed by agencies that happened to be in the good graces of particular groups in Congress

The committee, finally, concerned itself with the reinforcement of the budgetary principle of integrity of appropriations,[27] whittled down from its theoretical scope by legislative practices that have grown up in response to need and convenience It recommended that

> . . . the practice of reappropriating unexpended balances be discontinued, except in the case of continuing appropriations for public works, and that unexpended balances revert to the Treasury as provided by law The new amounts appropriated each year should indicate the total money available to each agency.

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[24] *Ibid*, pp 20 21

[25] See Rogers, Lindsay, 'The Staffing of Congress," *Political Science Quarterly* 1941, Vol 56, p 1 *ff*, Committee on Congress American Political Science Association *The Reorganization of Congress*, p 22 *ff*, 79, Washington, 1945 For the evolution of the staffing practice of the House Appropriations Committee, see *Congressional Record* 1943, Vol 89, p 10994 *ff*

[26] *Loc cit* above in note 17, p 309

[27] For a discussion of the traditional principles of budgeting in their impact upon creative administrative management, see Smith, Harold D, 'The Budget as an Instrument of Legislative Control and Executive Management,' *Public Administration Review*, 1944, Vol 4, p 181 *ff*

> We also recommend that the current practice of permitting transfer of funds between appropriation accounts and organization units be discontinued.
>
> We further recommend that a uniform system of control be perfected by the appropriations committees so as to cover into the Treasury all funds resulting from the sale of Government property or services by all regular Federal departments and agencies [28]

The first of these recommendations is a mild if debatable step. It would merely exchange the inconveniences of obscurity in the precise amounts voted each year for some added difficulty in ascertaining the total cost of particular projects carried over several years, and in estimating far in advance just how much may be left of an individual appropriation June 30 The other two proposals are more serious

Transfers of funds, if deliberately used to defeat a clear expression of legislative purpose, are objectionable, of course But safeguards against such abuse can be introduced, by requiring the Budget Bureau's approval or even current reporting of the transfers to the Appropriations Committees, without destroying the plain advantages of flexibility in the adaptation of administrative programs to changing circumstances which a controllable authority to transfer funds affords. To prohibit transfers altogether can only lead to the inflation of estimates for all accounts and units, so as to make sure that no deficiency will be encountered in any of the estimates

The covering of all receipts directly into the Treasury—so that they will require a fresh appropriation by Congress before they are available for spending—is a salutary general principle where it operates to control the net governmental outlay Examples are the miscellaneous receipts from fees for grazing permits on the public lands, the issuance of passports, court costs, and the like But unless such a requirement were accompanied by objectionable permanent indefinite appropriations, it would hamstring the prompt and efficient conduct of many business operations the government is engaged in—the payment of money orders or losses on insured mail by the Post Office Department, for instance And if applied to public enterprises organized in corporate form, such as the Inland Waterways Corporation or the Tennessee Valley Authority, the requirement would go to lengths rejected even by the conservative sponsors of the Government Corporation Control Act of 1945

3 Budgetary Coordination

Essence of Coordination On the administrative side, the budget process brings into being a proposed work plan for the government Preparation of the executive budget is therefore a demonstration of coordinative proce-

[28] *Op. cit* above in note 4, p 23 Mention may be made in this connection of the searching analysis of the review approach of the Appropriations Committees by Macmahon, Arthur W, "Congressional Oversight of Administration The Power of the Purse," *Political Science Quarterly*, 1943, Vol 58, p 161 *ff*, 380 *ff*

dure in action. Coördination, as we saw earlier,[29] is one of the working concepts of organization—of all organization. Time and again in previous chapters we have identified manifestations of this fundamental element in institutional cooperation. In connection with our discussion of the morale factor we have noticed especially the democratic implications of effective coordination.[30] Perhaps it is useful at this point to take a closer look at the coordinative aspects of the budget process

Much of the literature on management treats of coordination primarily as an integral part of the executive function The coordinative needs of large-scale enterprise are supposed to be met in the main in the sweep of executive leadership and in the anonymous ministrations of higher staff agents. No one would want to minimize the contribution that wise top direction buttressed by astute staff work is able to make to the sense of unity so essential to any organization However, it is equally true that coordinative action springing from the center of formal authority can attain results only when there is widespread receptivity Coordination becomes a sham when it attempts to operate by fiat One may order men to work together, but the order of itself does not generate cooperative inclinations

Moreover, in the organizational sense coordination is never consummated in a single act To put it differently, it aspires to arrangements that will endure as long as they serve a given purpose. From this vantage point, coordination is not so much a function as it is a state of working relationships. The test of effective coordination is the pattern of relationships achieved rather than the existence of coordinative mechanisms or their actual utilization by higher authority It follows that coordination would be futile if it were confined to "laying down the law" It must seek consensus It must convey reasons It must elicit identification with its objectives.

Stimulation of Program Thinking. The "tone" of administration is in part the product of the spirit of management that radiates from the top; in part—and not the smallest part by any means—the reflection of the point of view that prevails in the operating cadres of the organization Here, especially in the crucial ranges of middle management,[31] we encounter a deep-seated tendency toward a microcosmic outlook. Capsular thinking is encouraged by the institutional distance between the day-by-day routine in which the operator is enmeshed and the loftier visions that present themselves at the apex of the hierarchy Even in the highest intermediate strata of the organization—on the bureau and divisional levels—attention is usually concentrated on the particular programs for which bureau and divi-

[29] See above Ch 7, Working Concepts of Organization, sec 3, Quest of Organizational Unity"

[30] See above Ch 21, 'Morale and Discipline," sec 4, "Morale and Institutional Pattern"

[31] See above Ch 13, 'The Tasks of Middle Management,' sec 2, "Supporting Top Direction"

sion chiefs are specifically responsible.[32] To them, the total agency program is far less tangible and immediate. In fact, they may doubt at times the existence of such a program.

Although their doubts will usually be without foundation, the self-assertive qualities of the total program may be obvious only to the head of the agency and his entourage. Policy pronouncements will speak eloquently about the comprehensive program Yet it is more likely than not that the average line official will scan each such pronouncement with only two questions in mind: What does it give me? What does it take from me? Stronger stimulation is required to make the line official aware of the department-wide perspective. And if he does not share in the department-wide perspective, if he ignores it in his limited area, how can the entire agency program ever be a full-bodied reality? How can he be depended on to fit his actions into the broader framework of close-knit organizational interrelations? How can he be expected to serve as an instrument of coordination? The budget process is peculiarly well-suited to operate as a corrective to such localized introversion and self-sufficiency.

Budgetary justification of proposed expenditures is essentially self-justification in terms of the larger enterprise The fundamental point of reference is the need of the whole. The password of justification is the contribution that each individual unit within a particular agency is able to make to the whole agency program, and—on the higher level—each particular department to the whole governmental program Indeed, only through an examination of these specific contributions in their relation to one another is it possible to spell out the total program in reasonably definite terms.

Coördination by Consultation A general indication of the main emphases that are to run through the work program of an agency for any given fiscal year rarely derives directly from financial considerations alone. Such an indication cannot come from the departmental budget officer. It calls for leads from the policy-makers of the agency. Even these, however, have to seek an objective basis for the policy guidance they must furnish the budget officer and the line officials with whom he has to "thrash things out." Before the agency head is in a position to commit himself in rough outline on the kind of expenditure structure that would best meet next year's needs, he must weigh many factors in the light of concrete data, confer with those on the second level of command, take counsel with his staff officers—and even check with political associates outside his organization.

Consultative procedure takes on a more specific form as the departmental budget officer, forearmed by the "general line" indicated at the top, starts out on his review meetings with the higher operating officials to appraise the merits of their estimates. Ordinarily, to the operating official this is merely the terminal phase of a process of joint consideration that may have

[32] See above Ch. 9, "The Departmental System," sec. 4, "The Bureau Pattern."

occupied a good share of his time during the preceding weeks as the various units in his charge, departmental and in the field, argued their respective fund requests before him. The budget officer's labor is eased by the thoroughness with which conflicting demands and activity maladjustments have been eliminated during the estimate planning within each bureau and division. From the very moment that the first field-office manager of the Bureau of Foreign and Domestic Commerce, far up in the Pacific Northwest, thoughtfully scratched his chin and began to ponder the prospect of the coming fiscal year, uncounted operators were prompted by the budget process not only to account for themselves but also to turn their eyes upon the organization at large. It thus became a matter of consequence to them to find out what and how others were doing in their individual provinces.

To this extent coordination by consultation is self-generative. One needs no orders to achieve a modified arrangement when he discovers that he is stumbling over the legs of someone else. Such modified arrangements usually can be worked out on the spot by give-and-take procedure. In other instances, when the matter is more complex and special assistance appears necessary, "loose ends" may be marked for a full-fledged survey to be undertaken by the departmental management staff. In either case, the foundation for curative action emerges in the meeting of minds across jurisdictional boundaries. The budget process is a continuing incentive for every one in every corner to take into account the need for a unified conception of the entire organization. As this conception grows in strength, operators are encouraged to develop an instinct for coordination.

Departmental Synthesis. With all the full-throated eulogies of the executive function and all the enthusiastic dissertations on the role of central staff offices, large-scale enterprise would screech to an abrupt stop if suddenly deprived of the self-perpetuating qualities of intelligently steered line operations. It is not ludicrous to think of the departmental budget officer as a monitor of efficiency—which is in large part coordination. But no one, not even the top executive of an agency, is strong enough to swim against the stream of adverse administrative attitudes and traditions. Coordination, too, under auspices of the budget process must face the institutional "facts of life." It cannot maintain itself in its own make-believe. Yet it is capable of turning into a pervasive influence and of steadily augmenting its momentum.

Budgetary coordination in the departmental sphere exerts its influence not so much because of any sanction of superior authority but because of its capacity for "making sense" to those affected by it. The sense it tries to transmit to operating officials who are fond of the self-contained life must attempt to fasten upon their own scale of values. That the "big boss" wants it thus and so will in itself have little appeal.

Where there is confusion among objectives and conflict among programs, with resulting antagonisms between individual line chiefs or between them

and the top level, one cannot simply go in with a whip. However, one may fruitfully examine the deeper causes, attain agreement on the basic facts controlling the situation; request from each official involved his best thinking on a remedy; make each familiar with the other's point of view, work toward joint appraisal of all forthcoming proposals; attempt acceptance of a trial arrangement to be reconsidered at a later date; and cultivate the conviction that all are likely to gain and no one to lose when irritations are removed, working relationships placed above legitimate challenge, and operations geared to common goals. Departmental synthesis is approximated most closely when people understand and appreciate its benefits in terms that strike close to home.

Top-Level Coordination. The most persuasive argument for coordination that is brought forth in the budget process is the argument from incontrovertible evidence. The departmental budget officer may have one general view of coordinative necessities and the operator another. Who is to tell abstractly which is right? It is quite a different matter when the budget officer is able to say with his sweetest smile, "See here, Jim, what you want to take on is already being done by Bob." Or, "You feel it's essential that you go ahead with all of these new projects; but Bill and Harry are sensible enough to defer some of theirs, though they feel exactly like you." Or, "If we don't get more consistency and coherence into our whole program, how do you expect us to get by the Budget Bureau and the Appropriations Committees?"

This means, in effect, playing the ball back. Restraints are activated, but the operator's judgment on the best solution within the frame of governing circumstances remains controlling. And follow-up, next year at the latest, is easy Fundamentally the same approach commends itself for the final review of the entire body of estimates on the part of the Budget Bureau. The hearing procedure, it is true, does not allow opportunity for confronting the representatives of one department with those of another. However, the same result is attained when the bureau's officials have occasion to point to lack of broader balance, contradictions in policies, or ill-drawn borderlines between certain programs of one agency and others undertaken elsewhere

Conferences between the budget director or his deputy and agency heads, individually or jointly, implement the hearing procedure, within the "budget season" or without. These conferences would not carry far if the budget director were unable to speak in the name of the President, thus simultaneously reducing the burdens on him. The legislative founders of the national budget system envisaged close contact between the President and his budget director[33]—a relationship that was strengthened by the Budget Bureau's transfer, in 1939, from the Treasury to the new Executive Office of the President.

[33] *Cf.* Morstein Marx, *loc cit* above in note 9, p 664 *ff.*

Congressional voices have sometimes been raised in favor of a Budget Bureau that would growl always and bite often. More lasting—and more constructive—effects arise from the less dramatic pursuit of program integration and management improvement through counsel and recommendation. Only thus can a demoralization of departmental responsibility be avoided. Only thus can such responsibility be enlisted positively for the acknowledgment of government-wide ends. Clearly, however, advice and suggestions from a central staff agency must extend to more than budgetary figures and fiscal mechanisms. The Budget Bureau's coordinative task calls for breadth of information, imaginative thinking, competence in analysis, and toughness of reasoning. These, not formal authority, are the salesmen of over-all coordination.

4. Budget Execution

Budget Principles and the Test of Practice When the appropriation acts have finally been passed and become law, another stage in the attainment of accountability in administration begins. This is the expenditure process—the execution of the budget. As was pointed out earlier, appropriations have the twofold aspect of conveying spending authorization as well as imposing responsibility

Since for our discussion the latter object is uppermost in mind, the first inquiry may be directed to the suitability of the budget as enacted for accountability purposes From such a point of view a number of qualities are desirable which in governmental practice—municipal, state, and federal—are commonly realized, if only to a certain degree These qualities may be summarized as budgetary publicity, clarity, comprehensiveness, unity, specification, prior authorization, periodicity, and accuracy[34] As fundamental requirements, they seem obvious enough Yet none of them has been consistently satisfied. Although emerging as matters of form, they reflect among other things how far those framing, adopting, and executing the budget have an adequate grasp of the total significance of the process in which they are engaged

At first glance it may appear axiomatic that funds ought not to be made available to any government agency without public notice of the fact In fascist countries prior to World War II, the availability of funds in amounts undisclosed to the public provided an indispensable means of preparation for war. In this country the totals of wartime appropriations and authorizations were generally known, and questions of secrecy related rather to purposes than to sums voted. In time of peace it is doubtful whether any public purpose whatever can be so cogent as to justify secrecy about the

[34] *Cf* Smith *loc cit* above in note 27 A broader treatment may be found in Buck, A E, *The Budget in Governments of Today*, New York Macmillan, 1934 For a comprehensive presentation of fiscal administration in the federal government, see Selko, Daniel T, *The Federal Financial System*, Washington Brookings Institution, 1940

amounts of appropriations—even, for example, for making atomic bombs

It seems equally axiomatic that the budget should be understandable, but complications and ambiguities are hard to keep out of it For one thing the budget is likely to be at the mercy of the accounting system currently in existence For a long time governmental accounting in most jurisdictions has lagged far behind the development of good practice in some well managed private concerns, and inertia is a powerful force Statutory requirements of itemization in a particular way are frequent obstacles. It takes not far from a thousand quarto pages to present the federal budget to Congress, including summary tables for a quicker view in perspective The appropriations are contained in perhaps a score of separate acts interlarded with much extraneous material, and there are no underscorings in them for the lay reader

Much of this is understandable in terms of the variety of sources and uses of public funds, and the multiplicity of agencies participating in the spending process More of it can be explained by the fact that it would be difficult to make comparisons if the manner of presentation were changed from one year to the next Reviewing authorities, both administrative and legislative, over a period of time develop familiarity with a segment of the budget and the appropriation language They have an understandable suspicion of innovations in the general setup It is harder to tell what changes from last year may be hidden in a new version, and direct comparisons would be futile

Unless the budget comprehends all proposed expenditures, its usefulness for purposes of control and accountability is limited, and appraisals of its over all fiscal effect must be qualified Yet difficult questions arise in the effort to achieve the ideal of comprehensiveness One has to do with commercial and business activities of government The Post Office Department, for example, is an enterprise with an annual turnover running to billions of dollars For many years it showed a chronic deficit in operations, slight in comparison with turnover, for which an appropriation was required. To show in the budget all anticipated gross receipts and payments of the Post Office Department would inflate both federal income and outgo by several billions representing postal savings accounts and money orders—money to which the government has only technical title To show only the net anticipated deficit, however, would give a very partial impression of the magnitude of postal operations

The resolution of problems of this sort, in conformity with the principles of budget clarity and comprehensiveness, is mainly found in the use of annexed or subsidiary budgets, while the main budget carries only the net deficit or surplus Another type of difficulty was illustrated, prior to World War II, in the experiments with double budgets One provided for what was thought of as the regular and continuing expenses of government—the "ordinary budget"—and the other showed separately the extraordinary

expenses proposed for relief in a depression period and later for the defense effort.

In justification of this dualism, it was urged that the "extraordinary budget" was intended to be in the nature of capital outlays to be amortized over a period of years. In the one case the expected upward swing of the economic cycle was viewed as the period of amortization; and in the other, a postwar period of peace of indefinite length. In both cases, the efforts at distinction proved rather impractical and were abandoned after trial.[35] Yet there is a case for separating in the budget matters of longer-range investment and improvement outlay from current expense, as in the capital-budget practice of New York City.

A final and continuously troublesome question relates to the treatment of permanent and indefinite appropriations. A milestone in the efforts to overcome these difficulties was the Permanent Appropriations Repeal Act of 1934.[36] However, instances recur where particular receipts of the government are earmarked for special-purpose spending in a manner that defeats the program-coordinating processes implicit in the regular appropriating procedure. An example of this is the appropriation of 30 per cent of all customs receipts to the Department of Agriculture for use in stimulating export consumption of agricultural commodities

Although the federal budget is presented to Congress in one complete annual document, supplemental or deficiency estimates are often inescapable While this should not obscure the substantial degree of achievement of the goal of unity in the presentation of estimates, it is true nevertheless—as has already been indicated—that the appropriations themselves do not emerge as one piece Current practice reflects strong traces of the historical tradition that for many decades put the congressional jurisdiction over appropriations in the lap of nearly a dozen separate committees

Now a single Appropriations Committee in each house has jurisdiction over all expenditure requests, but considers them in subcommittees which report on them successively. Moreover, the subcommittees have such a measure of autonomy that in fact there is never an effective legislative opportunity for viewing the prospective or actual total outgo until all the appropriation acts have been passed and the session is closed.[37] In the execution of the budget, in consequence, there is no over-all "master plan" to serve as a point of departure for governmental accounting

The degree to which the budget and the individual appropriation should specify sums and purposes is perhaps the most controversial question

[35] For an example of a more consistent practice of dual budgeting, see Morstein Marx, Fritz, 'Germany' in Anderson, William, ed., *Local Government in Europe*, p 260 *ff*, 296 *ff*, New York Appleton, 1939

[36] 48 Stat 1224

[37] The annual "budget review," issued by the Budget Bureau upon the beginning of the new fiscal year, gives the essential data, including up to date forecasts revised in the light of later developments but this, of course, follows legislative action

of all. Presumably, while the estimates must present much detail, the appropriation acts ought to allow considerable flexibility for administrative discretion in order to meet changes in conditions As will be demonstrated later,[38] efforts to tie administrative hands by extremes of budgetary specification have proved unproductive and even onerous The length of time from the administrative development of estimates until expenditures are actually made is a virtual guarantee that alterations in the original planning will be required. With respect to new programs particularly, a delicate balance has to be worked out in executive-congressional relationships between the need for furnishing as much detail as can fairly be foreseen and the later reappraisal if the estimates prove insufficient or wrongly projected.

Traditionally also there are areas of national-defense activity and diplomatic and domestic intelligence where claims of secrecy in the use of funds have an important bearing on the degree of specification Emergency appropriations for relief purposes during the depression of the 1930's have introduced another area where lump sum appropriations have been justified. Here the grounds were those of flexibility and urgent need for more speed and improvisation than the customary estimating procedure accomodates. In addition, the relative equilibrium of political strength between Congress and the chief executive has been an important factor in determining the degree of specification imposed by the legislature.

The requirement of prior authorization is politically central. It can be disregarded by the executive branch only at its own peril Still, a century and a half of our history has shown that occasions present themselves when the risks have appeared to be warranted Wilmerding has brought together many instances to illustrate that our government has not been slow to recognize the ancient maxim of public safety being the highest law, even when acted upon by the President on his personal initiative.

To take a notable example, shortly after the outbreak of the Civil War, at a time when the allegiance of many federal officials was in question, President Lincoln directed the Secretary of the Treasury to advance two million dollars to private individuals of known loyalty to pay for such defense steps as might prove necessary. No disclosure of this move was made to the public or to Congress for over a year.[39] Perhaps the closest approach to a parallel in connection with World War II occurred in 1941 when fifty overaged destroyers were traded with Great Britain for sea and air bases without prior congressional authorization.

Discussion of the appropriating process has already made explicit the continuous nature of executive and congressional consideration of requests for funds. Nevertheless, any methodical administration of expenditures must make it possible from time to time to close the books on successive

[38] See below sec 5, "Audit "

[39] *Cf* Wilmerding, Lucius, Jr , *The Spending Power*, p 14, New Haven Yale University Press, 1943

stages of operations. The rule that appropriations are made for a single fiscal year is generally observed. However, it is subject to two classes of exceptions—permanent continuing appropriations and appropriations for specific projects to be completed regardless of time.

The principal example of the former is the permanent indefinite appropriation for interest on the public debt. This is thought to be necessary to give the money markets adequate assurance on the public credit. Instances of the latter are to be found in appropriations for public works, although recent legislative usage calls for the appropriation of annual installments after authorization in fixed sums for such projects has been made.

Mention should also be made of the common habit of reappropriating unexpended balances—the exact amounts involved not being susceptible of ascertainment at the time of reappropriation. Coupled with the general rule that appropriations are available for a year or two after the close of the fiscal year to cover obligations incurred but not paid for during that year, this practice serves again to blur the definiteness and periodicity of appropriations. Moreover, the general rule of making appropriations and considering deficits and surpluses annually should not blind us to the essentially arbitrary nature of using any such fixed period of time

Particularly when the budget is viewed more broadly as an instrument of national fiscal policy to be employed with conscious regard to its effects on the whole economy, the value of appraisals that would more closely relate to the span of business cycles of prosperity and depression becomes apparent. Similar questions arise in the peacetime amortization of the public debt accumulated in wartime. Much argument and speculation by economists and students of public finance has been devoted in recent years to attempts to work out feasible methods of implementing a more expansive conception of the budget.

Divergence Over Ultimate Ends. The shortcomings in meeting the formal requirements of a properly developed budget system, listed at the outset of this section, point up a more basic lesson than that involved in the failure of individuals to understand the goals of the system There is divergence over the ultimate ends to be served as well The run of legislative responses to the play of economic and social forces is different, at least on particulars, from the executive response

The aims of provincial pressures are apt to find expression in legislative limitations on appropriations Lacking a reconciliation of these localized impulses at the stage of formulation of the budget, the processes of compromise implicit in the final passage of appropriation acts and their approval by the President are piecemeal processes. They override formal requirements. So also do the institutional jealousies that lead Congress to prefer an atomistic organization of the executive branch, and to be unsympathetic to administrative mechanisms for the integration of policy In the rudimentary and inconsistent resolution of the conflicting claims of legislative

control and executive management,[40] the basis for orderly fiscal administration is the surest victim.

Fund Control. Responsibility for carrying out congressional directives in the expenditure process is fixed by means of the accounting system. The federal accounting machinery in the fiscal year of 1945, for example, had to be geared to keep track of no less than 332,426,649 government checks paid by the Treasurer of the United States.[41] In the maintenance of this system the Treasury, the Budget Bureau, the spending agencies and the General Accounting Office all share in important ways—a fact that of itself underlines the need for effective correlation.

Its first element is fund control. This is the treatment of each item of appropriation, including many of the appropriation limitations, as a separate fund account, to be credited with the amount of the grant and charged with the expenditures applicable to it. As to limitations, if the Department of the Interior, for instance, is appropriated a sum with the stipulation that no more than a stated amount or percentage may be expended within the District of Columbia, the limitation can readily be set up as another account. But if the appropriation is to one of the department's bureaus like the Geological Survey, while the limitation is applicable to the total amount for the department, control is not so easy. Overlapping provisos and limitations indefinite in amount, indeed, make it impractical to carry fund control to its logical conclusion.

Establishment of fund accounts is done on the books of the Treasury for all appropriations, and in each agency for the appropriations made to it. On requisition by these agencies, advances chargeable to their appropriations are made to the chief disbursing officer of the Treasury or one of his agents. The former maintains a series of checking accounts with the Treasurer of the United States The Treasurer in turn acts as a bank for payments and deposits The chief disbursing officer and his agents issue checks against vouchers properly certified by the spending agency so long as there is a credit balance in the applicable account In this manner fund control prevents an overdrawing of appropriations

Allotments Fund control by itself is a control of the flow at the nozzle. It does not prevent the creation of obligations that will produce pressures—overwhelming pressures, as abundant experience testifies—for deficiency appropriations To forestall these pressures and assure that administration will keep within the fiscal bounds originally fixed, control is reinforced by allotments and apportionments as two supplementary devices of accountability. A third device—centrally administered personnel ceilings—has lately been introduced into federal management as an additional control over a

[40] *Cf.* Smith, *loc cit* above in note 27

[41] *Annual Report of the Secretary of the Treasury for the Fiscal Year Ended June 30, 1945*, p 124, Washington, 1946 This is ten times the annual rate for the years immediately prior to 1933

troublesome area. A scheme of financial reporting is the mechanism for bringing about a correlation of these devices.

Within the range of activities comprehended by a single appropriation account, the agency's work program is divided up in fiscal terms by means of allotments. Subdivision can be carried to any desired degree of detail and agency practice varies considerably. Allotments are ordinarily made to each of the component organizational units of the agency, down to a given level. In some circumstances they can also be made for the several projects to be carried on by such a unit, as for categories of loans or grants-in-aid, for example They set the limits within which the unit is authorized to proceed in drawing on appropriated funds

The importance of allotments differs in proportion to the scope of administrative discretion vested in the agency; it varies also with the size of the sum in the appropriation account Specific appropriations leave less room for allotments; lump sums are meaningless without them. For purposes of the financial accountability of the agency, allotments are essentially a safeguard against the overobligation of appropriations that might occur because a number of hands are reaching into the same pocket at once.

Apportionments. Apportionments are designed to prevent these hands from reaching too deeply too soon, with the result that all of the year's funds are gone before all of the year's work is done. In the federal government, the control of apportionments—quarterly amounts into which the annual appropriation must be divided in advance, and which set limits to the agency's spending during the quarter under each appropriation heading —is vested in the Budget Bureau. The requirement of apportionments was orginally imposed under the antideficiency legislation of 1905-1906,[42] but lapsed in innocuous desuetude until the authority was centralized in the Budget Bureau by Executive Order No 6166 of June 10, 1933

A classic example of the evil the act was designed to combat occurred late in 1879, when the Postmaster General asked Congress for an additional sum of $2 million to supplement the appropriation of $5,900,000 for inland mail transportation on the "star routes" There had been no cut in his original estimate; the deficiency was needed to cover commitments, the department having let contracts requiring expenditure at a rate that would exhaust the appropriation by April When called to explain, the Postmaster General replied that the department had not overexpended its appropriation and would not do so If the deficiency were not forthcoming, the contracts would be annulled and the carriage of mails stopped. The country might be inconvenienced, but congressional authorizations would not be exceeded[43]

The apportioning process is no mere matter of dividing by four. Areas of expansion and contraction in the agency's operations must be continuously reviewed To this extent the justification process must be repeated

[42] 34 Stat 48

[43] See Wilmerding *op cit* above in note 39, pp 137-140

in outline in order to project the agency's needs more realistically and with closer precision against the current record of performance. Apportionments may be reconsidered within the quarter as particular needs arise. On the other hand, the Budget Bureau may go further to protect the government against overobligation or to keep in the Treasury funds that appear to be in excess of actual requirements for the developing program of an agency by establishing reserves against appropriations which are withheld from apportionment altogether.

This was done on a fairly large scale shortly after V-J Day, before Congress passed the Appropriation Recision Act[44] to recapture unused war authorizations. Of course, the Budget Bureau's exercise of this power may raise delicate problems in executive-legislative relationships, especially if the agency has strong support in Congress. Who is the bureau to say that the agency may not spend what the agency wants to spend and Congress has authorized it to spend, just because it takes a different view of the actual sum required to meet the legislatively approved need? Statutory recognition of the power to establish reserves has come forth only quite recently.[45]

Financial Reporting. In connection with control over apportionments, and in order to provide the Treasury with current information on the status of obligations as well as expenditures, specific reporting machinery is needed. To this end the Budget Bureau and the Treasury through joint action have of late elaborated a financial reporting system, applicable to all federal agencies and government corporations. Authority for this reform was supplied in Executive Order No. 8512 of August 13, 1940.

Perhaps the most important innovation has been the institution of a monthly report from the operating establishments on the status of each of their appropriations, showing unobligated balances and unpaid obligations. The monthly status reports are a substantial help in backing up the apportionment procedure. They sound a warning signal when the rate of spending and obligating threatens to run away from the assumptions on which the apportionments are based. Moreover, the monthly status reports afford another means of comparing actual expenditures with agency estimates for the next fiscal year up to the very time that the projected executive budget is placed before the President.

Personnel Ceilings. A final means of control was recently established when Congress singled out the field of federal personnel for special budgetary control. The War Overtime Pay Act of 1943[46] charged the Budget Bureau with the duty of determining, from quarter to quarter and agency by agency, the number of employees necessary "for the proper and efficient exercise" of the functions of the executive branch. The quarterly determina-

[44] Act of February 18, 1946; 60 Stat. 6.

[45] Sec. 607 of the Federal Employees Pay Act of June 30, 1945; 59 Stat. 295.

[46] 57 Stat. 75.

tions must be reported to Congress. These provisions of the Overtime Pay Act have been made permanent legislation.[47]

In order to turn determinations of such character to constructive use, they must be paralleled by a program of concrete suggestions for management improvement This draws attention once more to the statutory assignment of the Budget Bureau to strengthen the general organization and the operating methods of the executive branch Without facilities for the conduct of administrative studies as envisaged by the Budget and Accounting Act, the bureau would be as ill-equipped to set personnel ceilings as to review estimates of expenditures.

5. Audit

Public Finance and Representative Government. Since the seventeenth century it has been an article of faith among English-speaking peoples that legislative control of the purse-strings is the best practical guarantee of the maintenance of representative government The taming of royal power in England was an institutional achievement of the legislature Fiscal supremacy, buttressed by the twin rights to refuse to levy taxes and to refuse to appropriate their proceeds when levied as approved, was an important instrument in the legislature's success From this example, the American colonists drew their basic lesson.

Colonial legislatures could not control their appointed governors themselves But the lawmaking bodies used their powers over the sources and uses of funds to express their dissatisfaction with the agents and policies of the home government Frequently they elected their own treasurers in order to ensure the sympathetic administration of their financial instructions

The prestige of legislatures was high when the American Constitution was adopted The colonists, on the basis of their experience, had reason to distrust every kind of executive authority. Little wonder, then, that the framers of the Constitution put the ultimate authority over public finances squarely in the hands of the lawmakers, and allotted to the more popular chamber—the House of Representatives—the prerogative of introducing tax bills To this day, in no field has Congress made less use of statutory delegation, and kept the detailed exercise of its power more jealously to itself, than in the field of taxation.

Expenditure Control in England Legislative control of actual expenditures after appropriations have been voted—keeping the spending of money within the scope of the grants authorized, checking the observance of limitations, and analyzing and appraising the results obtained—has proved to be quite another matter. This was true in England also for a long time There, however, the unification of the political authority of both the executive and the legislative branches by means of cabinet government had become so well

[47] See 607 of the Federal Employees Pay Act of 1945, *cit* above in note 45 See also the Federal Employees Pay Act of 1946, Public Law No 390, 79th Cong 2d Sess

established by the middle of the last century that a mutuality of interest developed in an external, independent audit of all financial transactions. This was provided for by the Exchequer and Audit Departments Act of 1866.[48]

Under the law the position of Comptroller and Auditor General was created, an office to be held "during good behavior"—that is, on permanent tenure. With the help of a modest but expert staff, the incumbent annually examines the accounts of the Treasury and the other departments. He goes into such detail as he finds necessary in view of the internal administrative checks in operation. He ascertains whether expenditures have been kept within parliamentary appropriations, and whether Treasury directions have been followed.

The Comptroller and Auditor General reports his findings to the Committee on Public Accounts of the House of Commons, whose chairman is a member of the legislative opposition. The committee first holds searching hearings over these reports, attended by the Comptroller and Auditor General and by representatives of the Treasury and the departments affected. Subsequently the committee reports its appraisal and the supporting data to the House of Commons. In case of legislative criticism, the Treasury must alter its practice or defend it publicly. Where expenditures in excess of appropriations have been made by a department, the Treasury must give its sanction by authorizing transfers of funds insofar as that is permissible; if it is not, the Treasury must secure a ratification from the House of Commons in the form of a supplementary appropriation. If neither course prevails, the departmental accounting officer is held personally liable.

Under this system there is public assurance that financial policies and procedures will stand disinterested scrutiny, without calling in question the major substantive decisions for which the government assumes political responsibility. A roughly similar result is aimed at under modern practice by the independent audit of private corporations whose securities are publicly traded, in line with requirements of the stock exchanges and of the Securities and Exchange Commission. However, the position of minority investors in relation to corporate management is obviously much weaker than that of the House of Commons. As a result the degree of disclosure to them—and the corresponding influence of possible publicity on corporate practices—is distinctly smaller.

Beginnings of Expenditure Control in the United States. The separation of powers embodied in American government has so far precluded any such amicably efficacious arrangement for legislative control of public expenditures as we find in England. Once the appropriation acts have been passed, the use of funds is in administrative hands. To be sure, the process of administrative spending is one in which individual legislators often share as

[48] 29 & 30 Vict., ch. 39.

they pursue particular interests such as an allocation for public works or the location of a field installation.[49] Yet no full-fledged audit brings back to the lawmaking body an independent review of what has transpired.

No specific machinery exists by which the legislature can systematically hold officials accountable for their expenditures. Beset with divided counsel and conflicting interests among its own membership, preoccupied most of the time with other matters, virtually paralyzed by the enormous mass of its business, and confronted with a chief executive who does not depend on its pleasure for office, Congress has delegated or left unexercised nearly all of its authority in expenditure control For the most part it confines itself to taking into account in succeeding appropriations what it has learned—however imperfectly—about the use of the last.

This does not mean, of course, that we lack in the United States a system of expenditure control and fiscal accountability Its roots run back through time to the revolutionary governments preceding the adoption of the American Constitution. From 1789 to 1921 Congress relied on two main devices of surveillance, supplemented occasionally by committee investigations. These were: (1) the language of the appropriation acts; and (2) a set of internal checks within the executive branch. The descriptive language would set forth with more or less particularity the purposes of the individual appropriation. The internal administrative checks were designed to ensure that at each stage in the spending process a separate official was responsible for attesting the integrity of the transaction—too many officials in all, and too divergent in interests, to make collusion practicable

Specificity of Appropriations. Reliance on qualifying language to govern administrative spending led to the doctrine of specific appropriations The act of March 3, 1809, laid down the injunction, still in effect, that "the sums appropriated by law for each branch of expenditure in the several departments shall be solely applied to the objects for which they are respectively appropriated, and to no other."[50] This was coupled with a policy and practice of specifying objects of expenditure minutely. The development of excessive specificity was an inevitable outgrowth and in the end proved self-defeating.

The earliest appropriation for the support of the government, in 1789, was simple enough. In one hundred twenty-three words it disposed of $639,000 under four headings The amounts were derived from estimates furnished by the Secretary of the Treasury, Alexander Hamilton. A little experience in the method of deficiency requests to cover objects thought to have been already provided for soon showed that there was no necessary restrictive connection between prior estimates of expenditure and the actual use made of available funds

[49] See above Ch 15, Legislative Control"

[50] Rev. Stat., sec 3678, 31 U S C 628 The history of congressional efforts to control expenditures has been traced with insight and charm by Wilmerding, *op. cit* above in note 39.

Under the sting of criticism from Gallatin and Jefferson, the Federalists gradually accepted a greater specification of objects. This was softened, however, by a delegation of power to the President to authorize certain transfers between appropriation headings when Congress was not in session. As party control of the government shifted, so did the points of view. But the trend toward particularization continued. Nevertheless, within a generation theory and practice were no longer within speaking distance of each other.

Appropriations were specified in the minutest detail. However, by means of transfers, the carrying forward of unexpended balances, and the incurring of obligations in anticipation of deficiency appropriations—all in the teeth of statutes designed to prevent these practices—funds were found for expenditures the departments wanted to make beyond the original appropriations. John Randolph in 1806 expressed the feeling of congressional helplessness when, though in opposition, he refused to try to reduce the naval appropriation for contingent expenses: "If we cannot restrain the expenditures of the Navy Department within the sum annually fixed, after giving as much as is asked for, is it not the idlest thing to attempt to restrain them by giving less?"[51] We may also think of the anecdote related by Henry Clay in 1819 to show how institutional frustration turned into individual cynicism:[52]

> Some years ago it had been the custom, now abolished, to use in this House a beverage in lieu of water for those members who preferred it. A member of the House said he was not in the habit of using this sort of substitute for one of nature's greatest and purest bounties, but would prefer something stronger. The officers of the House said they should be glad to gratify him, but did not know how they could with propriety pay for it out of the contingent fund. Why, said the member, under what head of appropriation do you pay for this syrup for the use of the members? Under the head of stationery, the officer said. Well, replied the member, put down a little grog under the head of fuel, and let me have it.

By the latter part of the nineteenth century, Congress had come to appreciate fully the realities of the situation. It often appropriated deliberately less money than was known to be required, with the expectation of providing the remainder in deficiency bills later. In even-numbered years the legislature was tempted to take advantage of this technique to make a show of economy. It was not until the beginning of genuine budgetary practice under the Budget and Accounting Act of 1921 that the conduct of federal administration was freed from the irrationalities of such coercive deficiencies.

Administrative Checks. The internal checks that were devised also showed themselves unsatisfactory. The Treasury Department Act of 1789 established under the Secretary of the Treasury a comptroller, a treasurer, an auditor, and a register-keeping officer. According to the underlying theory,

[51] *Annals of Congress*, Vol. 15, p. 1000; Wilmerding, *op. cit.* above in note 39, p. 66.
[52] *Annals of Congress*, Vol. 33, p. 456; Wilmerding, *op. cit.* above in note 39, p. 82.

when Congress had passed an appropriation for the use of a particular department the Secretary of the Treasury drew a "warrant," and the comptroller countersigned it This established an appropriation credit with the treasurer, which the register-keeping officer recorded. Thereafter, until the credit was exhausted, the Secretary of the Treasury, on request of the department, would issue further warrants in favor of particular payees, which the treasurer would pay upon countersignature by the comptroller

The request might take the form of a voucher for materials received or services performed, if so, it had first to be examined and approved—or 'settled"—by the auditor and the comptroller Commonly, however, the payment was an advance of funds to a departmental agent—or disbursing officer—who then proceeded to pay vouchers approved in the department Because of the particularity of appropriations, disbursing officers usually held advances under several separate appropriation headings Many of these officers, especially in the revenue and postal services, were also collectors of public funds For both these reasons they were frequently in a position, if their advances under a particular heading were exhausted, to borrow temporarily from another to meet the need for an immediate payment

The disbursing officers were accountable to the auditor, and furnished him periodic reports listing their collections and advances, and their payments supported by paid vouchers If the auditor disallowed a payment as unauthorized under the appropriation charged and the comptroller sustained him, the disbursing officer was personally liable If he could not clear the disallowance by supplying further information, by charging the expenditure to another appropriation, by recovering the money from the payee, or by securing a relief act from Congress, he was bound to pay it himself If he defaulted, the comptroller—later the Solicitor, and now the Department of Justice—was charged with the duty of collecting the debt

Some experience with the latitude of personal responsibility of disbursing officers led to the requirement that they be bonded This requirement has lately been extended to the certifying officers, who approve vouchers,[53] in view of the mechanized and ministerial nature of the disbursing officers' duties under modern conditions Moreover, as a part of their operating routine the departments and bureaus developed their own internal checks on the accounts of their disbursing officers before transmittal to the Treasury The settled accounts went to the Treasury, and remained there In theory, an analysis of them, together with the warrants issued directly, would have made it possible to determine, as of any given date, the status and uses of an appropriation In fact, however, such information was never assembled in time to serve any comprehensive budgetary or reporting purpose

Delay and Laxity Some frailties of this system are plain, of which the chief was its delays. As a critic remarked, the system was "the most admir-

[53] Act of December 29, 1941 55 Stat 875

able contrivance that the mind of man ever conceived to put down the sums claimed by public creditors to the smallest figures, and then to postpone to the latest possible moment the payment of what has at last been acknowledged due."[54] However, First Comptroller Elisha Whittlesey, when asked by Secretary of the Treasury Guthrie in 1854 to report improvements, responded in the sentiment that sustained the system through the nineteenth century: "The law organizing the Treasury Department . . . was framed by very wise men, who took a deep interest in the welfare and prosperity of the country. The system is based on checks to guard against dishonesty and fraud, and it has worked admirably. The Treasury Department is as pure and free from the perpetration of fraud as it was the day it went into operation. . . . The system, in my opinion, cannot be bettered, and operates as harmoniously and beautifully now, as it did sixty-five years ago."[55]

In theory, the chain of fiscal accountability began with an appropriation. But in the old days Congress was not—as it is now—in virtually continuous session; distances were great, and communications uncertain and slow. Just as the specification of appropriations annulled its purpose by its rigidity in the face of unforeseeable changes in conditions and needs, so the administrative checks and balances turned into impediments when they prevented payments that had to be made within a time limit to serve their end—food and forage for troops and animals on a western expedition, provisions for vessels about to sail, payment to France for the Louisiana Purchase, for example. The exigencies of government were at the paying, not the appropriating, end of the chain.

In an effort to meet the complaints about delays, the duties of the comptroller and the auditor were splintered at an early date. By 1836 there were six auditors and two comptrollers; yet the tempo was not quickened. As an unavoidable result, the actual sequence of events was as likely as not to start with a payment by a disbursing officer, leaving the train of authorizing warrants and appropriations to follow along by way of ratification. When this was a common occurrence, it is understandable why promptness and exacting standards in the settlement of accounts were hard to obtain.

Failure to secure dispatch and meticulous procedure, however, was disastrous to the Treasury's own accounting system. It could tell quickly enough what appropriations had been made, what advances had been issued, and what receipts had been reported. On the other hand, everything else was at large—what obligations had been incurred or were in prospect, at what rate advances would be spent, what payments and receipts were not yet reported, what reported payments would be disallowed. All of this had to wait on paperwork that would spread over the ensuing years. On this footing of sand the Secretary of the Treasury reported annually to Con-

[54] Renick, Edward I., "Control of National Expenditures," *Political Science Quarterly*, 1891, Vol. 6, p. 248.

[55] *Annual Report of the First Comptroller*, 1854, pp. 103-104.

gress on the state of federal finances. It was an inescapable consequence that Congress could bring only a dusty vision to the business of taxing, borrowing, and appropriating.

Path of Reform. Modern efforts to reform the system began with the Dockery Act of 1894,[56] the collaborative work of Secretary of the Treasury Foster and a congressional commission, aided by outside experts. It clarified the jurisdiction of the auditors, and strengthened their supervision over disbursing officers as well as over the issuance of departmental requisitions for advances. The law consolidated the comptrollers into one, as in the institutional beginning, with appellate authority over the auditors. It made it the comptroller's duty to render advance decisions on request from department heads or disbursing officers, and gave him power to prescribe the forms of keeping and rendering all public accounts. Finally, the new legislation centralized all bookkeeping in the Treasury in a reorganized Division of Warrants, Estimates and Appropriations—displacing this kind of work of the register-keeping officer and the auditors.

Under the dispensation of 1894, the comptroller's main function was to provide a uniform construction of the appropriation laws, conclusive and binding upon all the departments. There had been earlier conflict over the finality of determinations by department heads when challenged by the comptroller, as happened on occasion. The Dockery Act did not touch this ambiguity, which entered the picture especially whenever the comptroller asked the Attorney General to collect by suit a payment disallowed on a construction of the law by the comptroller that the Attorney General disagreed with.[57] As to the comptroller's status, although he and the auditors were subordinates of the Secretary of the Treasury, the spoils system—as a rule with relatively few exceptions—yielded far enough to keep them in office with successive changes in the political control of the government. Of course, like other bureau chiefs, they were ordinarily patronage appointees in the earlier period.

It was at this stage of development that the movement leading to the passage of the Budget and Accounting Act of 1921 overtook the accounting system of the government. It was by then a system that imposed on each individual disbursing officer a tiresomely detailed and long drawn-out accountability to Treasury officials for every payment made, applying the test of statutory authorization only, and seemingly unconcerned with administrative results achieved or operating standards applied. It put almost no organizational responsibility on the departments and bureaus for the effective handling of their fiscal affairs. This was the more serious because, until

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[56] Act of July 31, 1894; 28 Stat. 162, 205. For the report of the Dockery Commission and the debate in the House of Representatives, see *Congressional Record*, Vol. 26, pp. 4297-4307, 4335-4354.

[57] See Mansfield, Harvey C., *The Comptroller General*, ch. 4, New Haven: Yale University Press, 1939.

the recent emergence of departmental management in a fairly inclusive sense, all the bureaus were nearly autonomous operating entities.

Equally important, the accounting system left the Treasury, as the central fiscal agency of the government, and *a fortiori* also Congress, without any adequate current and comprehensive conception of the over-all financial situation. Except for occasional and sporadic legislative intervention, the system reserved for the executive branch all administrative determinations as to how and whether congressional mandates attached to appropriations were observed. While this would have been a proper arrangement if bolstered by some kind of subsequent review, there was actually no provision whatever for securing to Congress the benefits of an independent inquiry and opinion on such matters. True, these are hindsight judgments. In the light of contemporary opinion, and in the absence of the financial strains under which European governments operated, the system was not viewed with any marked dissatisfaction in the country.

Formation of the General Accounting Office. The Budget and Accounting Act of 1921 made two important changes in the scheme of financial accountability, one of them fundamental. First, it rolled together into a single establishment the combined functions, personnel, and records of the former comptroller and the six auditors, without modifying substantially the definitions of basic powers and duties as these had developed over the years. This new establishment was the General Accounting Office, under a single head—the Comptroller General. Second, the act described the General Accounting Office as "independent of the executive departments." This theory was reinforced by the stipulation that the functions of the General Accounting Office be performed "without direction from any other officer." As a tangible institutional guarantee of independence, the act gave the Comptroller General a fifteen-year term of office, making him irremovable except by joint resolution of Congress for cause and after hearing.

Adoption by Congress of Title III of the Budget and Accounting Act, containing these changes, was not preceded by any real debate of its provisions, except for the question of the Comptroller General's tenure. The fifteen-year term was a compromise between the views of the House leadership intent upon an indefinite term—"during good behavior"—and the Senators who wanted one of seven years. The House also talked of vesting the appointment in Congress. However, it was deterred by the argument that, since one Congress could not bind the next, a maximum term of only two years could be assured that way.

Before the bill finally passed there was an unsuccessful move to hand the power of appointment to the Supreme Court. Although emphatically in favor of the reform measure, President Wilson in 1920 vetoed the bill as originally passed. He protested that the restriction on his removal power was unconstitutional—a question the legislative arrangement was designed to avoid. But when the law was repassed the next year with only a slight

and hardly consequential change, President Harding accepted it. The constitutional point is likely to remain moot.[58]

When voting on the law, few members of Congress realized that the establishment of an independent General Accounting Office was simply creating a separation of powers within the administrative structure as complete and thorough as that prevailing in the constitutional system. This took the place of the former division of labor that afforded internal checks in an administration ultimately responsible to the President. The proponents of the new scheme, experts and Congressmen alike, had talked of the need for an "independent" audit on behalf of Congress—and frequently invoked the English example in complete misunderstanding of its most basic features. What the act in fact did was to institute an independent administrative control over expenditures, exercised from the standpoint of their legality.

Control Versus Audit. The distinction is basic. The important power of the Comptroller General, as of the comptroller before him, is to "settle" accounts. Settlement has always meant, as Wilmerding puts it, "the final administrative determination of the balances due to or from the United States on accounts between itself and its debtors and creditors."[59] An audit, on the other hand, is "an examination made on behalf of a principal of the transactions of an agent as recorded in an account."[60] The Comptroller General conducts an examination of the payments made by administrative officers, not on behalf of Congress but as an incident to the exercise of his power as a principal to settle accounts. He also determines the amounts to be paid on claims submitted to his office for direct settlement. No one makes an audit report to Congress of the amounts finally allowed as charges against appropriations, and the Comptroller General would be the last person suitable to do so, since he himself makes the determinations that would be reviewed in such an audit.

The effects of this confusion of audit and control are apparent in two directions—on accountability to the legislature, and on the conduct of administration. On the legislative side, the existence of the Comptroller General has given Congress a comforting and illusory sense of security. After all, somebody is looking after the matter, and nothing more needs to be done. This conclusion would be warranted only on the supposition that the Comptroller General is infallible. In fact, after one hundred sixty years, Congress still has no regular and comprehensive means of knowing how far its fiscal mandates and limitations are being observed.

By the same token, the legislature has set up no machinery in the nature of a public-accounts committee to provide an orderly instrument for making use of pertinent information for control purposes. In 1920 the Senate, and

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[58] See Mansfield, *op. cit.* above in note 57, ch. 3.

[59] *Op. cit.* above in note 39, p. 259. For a convincing development of this point, see *ibid.* ch. 12.

[60] *Ibid.* p. 273.

in 1927 the House, adopted resolutions consolidating their several previous committees on appropriations in the executive departments into one each. The evidence is clear, however, that both committees have been generally inactive in the area of fiscal accountability—rather completely so in the Senate, and in the House confined to occasional investigations of specific complaints A lawmaking body needs staff assistance in so intricate a field as financial control While this general proposition has been gaining some acceptance in connection with the legislative consideration of the budget, it has made little headway as applied to control based on audit.

In the conduct of public management, the strictures imposed by the separation of powers within the administrative structure have been productive of much controversy This was true particularly under the regime of Comptroller General McCarl that spanned most of the period from 1921 until World War II The policy of the General Accounting Office dictated expansion The scope of its review widened considerably Increasingly it substituted its determinations for those of operating officials on questions of fact as well as of law involved in ruling on the availability of appropriations [61] The adoption of rules and forms was designed to bring to the General Accounting Office a much greater proportion of the immense mass of underlying data on which its determinations are based Moreover, the departments were urged—and legislation was unsuccessfully sought to compel them—to submit their vouchers for preaudit in advance of payment This invitation was accepted in only a very small proportion of the total volume of transactions

The immediate consequences of all these policies were to draw attention to arguments over jurisdiction and to paperwork about details handled at a point too remote from their operating origin, to the detriment of good management It soon became apparent also that the Comptroller General's independence left a good deal of room within the interstices of the law for the expression of views on public policy in social and economic fields Such expressions did not necessarily coincide with prevailing attitudes in either the executive or the legislative branch The Comptroller General tangled early with Congress over veterans' payments, and later with the executive branch over the Tennessee Valley Authority[62] and other New Deal measures

Safeguarding Operational Responsibility One by product was no doubt a stimulus to the improvement of Treasury accounting[63] and the development of departmental management in order to meet more effectively the

[61] A large body of case law has been built up in this field Annual increments will be found in the published volumes of the decisions of the Comptroller General

[62] On the relationship between the Comptroller General and government corporations in general, see above Ch 11, Government Corporations sec 3 Overhead Control of Corporate Operations See also McDiarmid John *Government Corporations and Federal Funds* Chicago University of Chicago Press, 1938

[63] See Bartelt, Edward F, *Accounting Procedures of the United States Government*, Chicago Public Administration Service, 1940

Comptroller General's encroachments on operating discretion. In addition, his restrictive approach furnished a marked impetus to both the establishment of agencies and the organization of activities in corporate form outside his purview. A further method of mitigating his influence was the enactment of legislation specifically making the findings of particular agency heads on particular types of questions conclusive on the Comptroller General. In this fashion the bulk of payments in World War II was made subject to his scrutiny only in very limited degrees or not at all. On a direct test of the central issue he was expressly foreclosed from reviewing war-contract termination payments, except on the narrowest grounds, by the Contract Settlement Act of 1944. Here effective use was made in debate of the prospects of delay and of "unemployment by audit," if the Comptroller General were permitted to question the bases of settlements previously arrived at.[64] This prohibition operated to throw out baby and bath together—the scope of the audit would not reach beyond the settlement which represented the terminal point of a complex series of prior transactions.

Recognizing the undesirability of the general state of affairs, and recapturing some of the ground previously yielded to executive freedom of action, Congress undertook to push in a different direction in passing the Government Corporation Control Act of 1945.[65] Statutory precedents for this venture existed in the instructions given the Comptroller General to audit, but not to settle, the accounts of the Shipping Board and the Emergency Fleet Corporation after World War I, and also of the Tennessee Valley Authority under its basic statute of 1933.[66] But Comptroller General McCarl had made these instructions instruments of controversy rather than of constructive innovation. In addition to preventing the establishment of new government corporations without express statutory sanction in the future, the Government Corporation Control Act directed the Comptroller General to conduct a commercial type of audit of each of the existing corporations to be considered permanent, giving due recognition to their needs for operating flexibility. The results he is to report to Congress. All corporate transactions were opened to his examination, but he was given no power to settle the accounts.

It is too soon to appraise this experiment in techniques of accountability. Much will depend on the spirit in which the Comptroller General approaches his task, and on the degree of cooperation he receives from public enterprises previously exempt and taught by experience to be suspicious of his activities. On the first score, the Comptroller General's initial selection of an informed and outspoken critic of previous procedures to head the new

[64] See Key, V. O., The Reconversion Phase of Demobilization," *American Political Science Review*, 1944, Vol. 38, p. 1146 *ff*.

[65] 59 Stat. 597. See also above, Ch. 11, "Government Corporations," sec. 3, "Overhead Control of Corporate Operations."

[66] 48 Stat. 58.

operation is a good omen. If cöperation is forthcoming, the next test will be for Congress to show its statesmanship in the use of a new tool. If good results are obtained, conceivably a model is indicated for eventual extension to the regular departments.

Balance Sheet of Audit and Settlement of Accounts. From this review it is apparent that as matters stand the pattern of accountability for the use of public funds after they have been spent is exceedingly uneven, depending in part on the historical position of the individual agency and in part on its current favor with Congress. If the agency is in the old-line tradition, it must submit its vouchers for settlement, accompanied by elaborate supporting data from which the Comptroller General will draw his own conclusions. Or, if—as in the case of veterans' payments—Congress really wants its funds to get out to the payees promptly without haggling after the event, the vouchers will be submitted. However, they will be accompanied by certificates of findings that shut out review in the absence of evidence of fraud. If the establishment in question is a corporation, its books must be open to examination, but no accounts will be submitted for settlement. In all three situations, accountability is as yet to the General Accounting Office, not to the legislature.

Appraising the experience from 1921 to 1936, the President's Committee on Administrative Management in 1937 proposed a reorganization of fiscal administration, based on the divorce of the Comptroller General's audit and settlement powers[67] and the establishment of accountability to Congress through a Joint Committee on Public Accounts. Under the House and Senate bills introduced to give effect to these recommendations, the control powers proper were variously assigned to the Treasury and the Budget Bureau. The Senate passed its bill, but the House bill was recommitted by a narrow vote in the aftermath of the defeat of the President's plan for reconstructing the Supreme Court. The Reorganization Act of 1939 left the whole matter untouched. In the Reorganization Act of 1945, Congress made plain its intent to preclude any changes affecting the status of the General Accounting Office by means of the reorganization plans it authorized the President to submit.

However, the subject was reopened in the hearings held in 1945 by the Joint Committee on the Organization of Congress. The committee adopted several proposals specifically intended to strengthen fiscal control on the part of the legislature itself.[68] These proposals deal with both the budget process and the character of the Comptroller General's audit functions. In certain ways they appear to represent a *tour de force* that could have dubious consequences. However, while some of the recommendations may prove excessively restrictive and to that extent not conducive to responsible

[67] See President's Committee on Administrative Management, *Report with Special Studies*, p. 15 *ff.*, 49 *ff.*, 139 *ff.*, 173 *ff.*, Washington: Government Printing Office, 1937.

[68] *Op. cit.* above in note 4, p. 18 *ff.*

financial management, others demonstrate a welcome tendency toward broadening the range of congressional information about the way appropriations are being spent. Perhaps the most serious objection that may be raised to the proposals of the Joint Committee on the Organization of Congress is that they are on the whole rather heavy-handed—explained in part no doubt by the cumulative effect of legislative frustrations over a long period. Although some of the proposals have been referred to earlier in the particular context of our discussion, it may be convenient at this point to summarize them in the order in which they have been set forth by the committee.

The first recommendation stipulates that, within the initial sixty days of each congressional session or by April 15, the revenue and appropriations committees of both chambers by joint action submit to Congress a concurrent resolution—not sent to the President for approval or veto—setting over-all receipts and expenditures for the coming fiscal year. If estimated revenue does not measure up to proposed expenditure, Congress by a record vote must authorize a corresponding increase in the national debt. *Should actual appropriations exceed the approved budget figure, each appropriation* would be reduced by a uniform percentage, except those of a permanent nature, interest on the national debt, veterans' pensions and benefits, trust expenditures, and debt retirement.

The second recommendation provides that all appropriation bills be carefully considered by the full Appropriations Committees of both chambers. In general, committee and subcommittee hearings are to be held in public session. Printed hearings and reports on appropriation bills would have to be laid before each chamber at least three legislative days before their consideration on the floor. Hearings should be based on a uniform appropriation classification. Each appropriation subcommittee is to have at its disposal four qualified staff assistants to serve both majority and minority members, and the committee staff is to be supplied with modern accounting machinery and equipment.

The third recommendation directs the Comptroller General to submit annually a "general service audit" of each federal agency. This would apply also to government corporations. The service audit is to furnish Congress with information on the general financial operation of the agency or corporation and its care in handling public funds.

The fourth recommendation lays down the rule that all appropriations be in definite amounts. The custom of reappropriating unexpended balances is to be discontinued, except for public works carried out over longer periods. Transfer of funds between federal agencies is to cease. All "regular" agencies are to follow a uniform practice of returning income from sales or services to the Treasury Department.

The fifth and last recommendation aims to abolish the usage of attaching substantive legislation to appropriation bills. Congressional rules should

be tightened to prevent amendments offered as "economy limitations" which actually propose legislative changes. The Comptroller General is to survey limitations on appropriation bills to identify those which require more money to carry out than they save. Both Appropriations Committees are requested to study ways and means of limiting any increase in permanent appropriations.

The implications of these proposals for the budget process have been indicated in a preceding section.[69] Here we can confine ourselves to suggesting the possibilities of sounder fiscal control that open up in the perspective of the two recommendations in which the Joint Commitee on the Organization of Congress has attempted to redefine parts of the Comptroller General's mandate. Both proposals are relevant not only from the angle of their specific content but also as expressions of a desire for a reorientation in the outlook of the General Accounting Office.

The committee declared that the General Accounting Office has "undoubtedly served a valued purpose in carefully checking all government expenditures to see that they come within the law and that amounts claimed are due."[70] This work is to go on. In addition, however, the Comptroller General should present to the legislature "service audits" that would "include reports on the administrative performance and broad operations of the agency, together with information that will enable Congress to determine whether public funds are being carelessly, extravagantly, or loosely administered and spent."[71] This kind of audit—the committee makes plain—would have to be different from "the present detailed audit of items" that "does not reveal the general condition of the agency's operation."[72]

We may conjecture that true service audits adjudging "the administrative performance and broad operations" of an agency or government corporation could be attempted only upon substantial increases in the staff of the Comptroller General. In fact, staff needs for this purpose are quite different in character from those hitherto met in his recruitment policy. The kind of staff that would have to be built up in the General Accounting Office has in the past rather found its place in high-grade departmental management offices or in the Administrative Management Division of the Bureau of the Budget. Much of the work of the Administrative Management Division, indeed, has tended to come close to the purposes of the service audits envisaged by the committee. We could imagine a fruitful collaboration in this area between the General Accounting Office and the Bureau of the Budget. Such arrangement would at the same time prevent unnecessary duplication of effort—a duplication which literal execution of the committee proposal would make inevitable.

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[69] See above sec. 2, "Justification."

[70] *Op. cit.* above in note 4, p. 22.

[71] *Ibid.*

[72] *Ibid.*

Unfortunately, the proposals of the Joint Committee on the Organization of Congress stress the Comptroller General's audit functions without simultaneously taking him correspondingly out of the administrative process. His settlement duties, as we noted, are not to be modified or shifted to another place in the pattern of fiscal control. These duties alone represent a business of enormous proportions. The Comptroller General's annual report for 1945 recorded a backlog of 487,532,636 checks in unreconciled depository accounts, as against 224,658,308 at the beginning of the fiscal year; accounts containing 153,286,172 checks were reconciled, while 416,160,500 paid checks were received.[73] When we consider the volume of such transactions it should become clear that heavier accent on activities more closely related to auditing may in the end merely produce intensified conflict of purposes in the operations of the General Accounting Office. Moreover, the proposals do not bring significantly nearer any real working integration of the audit function with the exercise of congressional oversight and control; for this purpose a mechanism such as a legislative committee on public accounts to whom the Comptroller General could regularly report is indispensable.

Looking at the "administrative performance" of an agency in its entirety would be a new experience for the General Accounting Office. Shift of attention in this direction may be an important step toward effective general auditing and comprehensive reporting to Congress. The same impulse may be generated in the other assignment that the committee has in mind for the Comptroller General. Scrutiny of limitations on appropriation bills to determine those which appear to entail disproportionate cost is likely to be an antidote to his traditional preoccupation with the enforcement of limitations. The very admission of the committee that so-called economy limitations may be "extravagant"[74] is a highly suggestive gesture. Many of the economy limitations have accomplished little, but pose exasperating problems to those responsible for sound administrative management.

The immediate fate of the specific fiscal proposals of the joint committee is of less importance for our purposes than their significance as indications of a trend. The necessary compromises with the legislative expediencies of the moment, and the uncertainties attending any predictions as to how a charter of new institutional arrangements will work out in practice, combine to postpone final judgments. It is plain that neither the joint committee nor its parent Congress was in a mood for revolutionary departures; and equally plain that the separation of powers sharply limits the range of available innovations. But the evident concern for practical improvements in financial accountability is a wholesome sign in a government that has grown to new stature and assumed a scale of public responsibilities only dimly foreshadowed when the Budget and Accounting Act was passed.

[73] Washington, 1946, p. 26.

[74] *Op. cit.* above in note 4, p. 23.

The Legislative Reorganization Act of 1946 was passed in the shadow of impending congressional elections and in the rush of adjournment to the first long vacation the members of Congress have granted themselves for several years. The act carried through in modified form a good share of the joint committee's fiscal recommendations. It sanctioned the requirement that the legislative branch, by concurrent resolution, annually determine an over-all limit on appropriations for the year, and express the sense of Congress that the public debt should be increased if this amount exceeds anticipated receipts. The harsh method of policing legislative budget ceilings—uniform percentage cuts if actual appropriations should run higher than the fixed total—was eliminated, however, and no substitute for it was agreed upon. Passage of the concurrent resolution, and its effect if passed, remained in the discretion of Congress in each succeeding fiscal year.

Practically all features of the second, fourth and fifth recommendations of the joint committee, outlined above, were adopted. In place of the annual "general service audit" contemplated in the third proposal, the Comptroller General was directed from time to time to make an "expenditure analysis" of each federal agency such as will, in his opinion, "enable Congress to determine whether public funds have been economically and efficiently administered and expended." Moreover, the reorganized Committee on Expenditures in the Executive Departments in each house was specifically assigned the duty of "receiving and examining reports of the Comptroller General" and of making recommendations on their subject matter. It is easy to see that the administration of these provisions leaves wide latitude for energy and discretion.

The emphasis upon a redirection of the audit function away from the detail and toward the general may prove a lasting contribution. Full accountability for the level of efficiency throughout the executive branch is woven into the tenets of representative government. The more closely we approximate a satisfactory solution of this problem, the less ground will there be for the ill-considered contention that inefficiency is the price of democracy.

Index

A

Accountability, administrative, 105, 114, 339 *ff.*, 512 *ff.*, 577 *ff.*, fiscal, 23, 339 *ff.*, 577 *ff.*; popular, 57, 339 *ff*

Accounting, *see* Accountability, fiscal

Accuracy, of budget, *see* Budgeting, principles

Adams, Henry, 28

Adams, John, 21, 161

Adams, John Quincy, 21

Adjudication, administrative, 519 *ff.*, *see also* Independent regulatory agencies; Judicial review

Adjutant General's Office, 564

Administration, college, 5, 160 *ff.*; ecclesiastic, 5; judicial, 5, 7; *see also* Attorney General; Justice, Department of; military, 5, 52, 483, 521 *ff.*, *see also* War Department

Administration, public, administrative surveys, 472 *ff*; art or science, 4, 48 *ff.*; as fitting process, 108, business manager, 160 *ff.*; characteristics, 3 *ff.*, 6, 27, 38 *ff*, 106 *ff.*, definition, 3 *ff*, elements, 6 *ff*, history, 9 *ff.*; improvement, 448 *ff.*, 462 *ff.*; nomenclature, 7 *ff*, scope, 5 *ff*; self analysis 34 *ff*, social function, 98 *ff*, spirit, 69 *ff*; *see also* Ideology, administrative, study, 27 *ff.*; theory and practice, 50, training, 37 *ff.*, 544 *ff.*, *see also* Democratic administration; Management

Administrative class, *see* Administration, public, training, Democratic administration, Personnel administration, public, President's Committee on Civil Service Improvement

Administrative law, *see* Judicial review

Administrative Procedure Act, 218 *n.* 6, 220, 232, 235, 387, 391, 529 *ff*

Administrative Research, Bureau of, Los Angeles, 459

Agricultural Economics, Bureau of, 130, 201, 289

Agricultural Society, 16

Agriculture, Department of, 15 *ff.*, 44, 79, 130, 186, 201, 204, 217, 222 *ff.*, 261, 267 *ff.*, 277, 285 *ff.*, 290 *ff.*, 319 *ff.*, 345 *ff.*, 391 *ff.*, 454 *ff*, 524 *ff*, 532, 551 *ff*, 572, 585, Graduate School 40, 572; Yearbook, 80

Agriculture, organized, *see* Interest groups, Agriculture, Department of

Alabama, University of, 450 *ff.*

Aldridge, John A., 475

Alien Registration Act, 342

Allegiance, administrative, *see* Ideology, administrative, Morale, Organization, informal

Allsetter, W. R., cited, 154 *ff.*

American, Bar Association, 63, 232, 315, 527 *ff.*, 511 *ff*, Federation of Government Employees, 576; Federation of Labor, 327, 575 *ff.*; *see also* Interest groups; Institute of Public Opinion, 79; Management Association, cited, 154 *ff.*; Medical Association, 370; *see also Interest groups; Municipal Association, 83, 172, 450; Public Health Association, 450; Public Welfare Association, 450; Public Works Association 450; Society for Municipal Improvements, 450; Society of Mechanical Engineers, 451; Statistical Association, 370; Telephone & Telegraph Company, 239; University, 40 *ff.*

Analysis, administrative, *see* Organization; Administration, public, improvement, Surveys, administrative; Procedure, administrative

Anonymity, official, 68 *ff*

Anti-Saloon League, *see* Interest groups

Antitrust Division, 580

Appeals board, for grievances, *see* Personnel administration, public, grievances

Appleby, Paul H., cited 203 *ff*, 495

Appointment, *see* Chief executive, legal powers; Personnel administration, public

Apprenticeship administration, 40

Appropriations, *see* Budgeting, Committees, *see* Budgeting

Aristotle, 56

Arlidge case, 535

Army Corps of Engineers, 249, 289 *ff.*, 345

Service Forces, 118, 419, 460

Arnall, Governor, 168

"Assistant President" *see* Coordination, interdepartmental

Assistants administrative, to the President, 23, 178 *ff*; departmental, 201 *ff.*

Association of American Railroads, 85, 369

Atlanta, 285

Attorney General, 189, 228, 252, 342, 530, 612
Attorney General's Committee on Administrative Procedure, 218 *n.* 6, 232, 390 *n.* 5, 526, 528 *ff.*; cited, 234 *ff.*, 522, proposals, 219 *ff.*, 539 *ff.*
Auditing, 606 *ff.*; administrative checks, 609 *ff*; and operating responsibility, 615 *ff.*; and settlement, 614, beginnings, 607 *ff.*; in England, 606 *ff.*; of performance, 618 *ff.*, 621; versus control, 613
Authoritarianism, *see* Morale
Authority, and leadership, *see* Chief executive, leadership, administrative, *see* Democracy, office, Judicial review; Morale; Organization, informal
Automatism, social, and responsibility, 506
Auxiliary services, *see* Organization, staff; Staff agencies

B

Bagehot, Walter, cited, 161, 381
Baldwin, Stanley, 64
Ballinger-Pinchot controversy, 144
Banks, *see* Federal Land Banks, Reconstruction Finance Corporation
Barnard, Chester I., 46
Baruch, Bernard, cited, 98, 128
Beard, Charles A., 50, 450 *ff.*; cited 315
Benjamin, Robert M., 529 *ff.*, 540
Bentham, Jeremy, 115
Benton, William, 199
Beveridge, William H., 588
Bevin, Ernest, 337 *ff.*
Biography, of administrators, *see* Administration, public, study
Bipartisan boards, *see* Independent regulatory agencies, Interest groups
Bituminous Coal Commission, 465
Blachly, Frederick F., cited, 63
Blandford, John B., cited, 366 *n.* 2
Board of Investigation and Research, cited, 229 *ff.*, 235
Boards, *see* Independent regulatory agencies; administrative, *see* Interest groups, representation; bipartisan, *see* Interest groups, representation; combined, *see* Combined boards; tripartite, *see* Interest groups, representation
Bonneville, 291
Boston, 159, 185, 285 *ff.*
Bowron, Mayor, 545
"Brain trust," 195
Brandeis, Justice, 116
Brandenburg, 265
Brecht, Arnold, cited, 205
Bridgeman Committee, cited, 279
Brookings Institution, 33 *ff.*, 449 *ff.*, 465; cited, 187 *ff*
Brookline, Mass., 465
Brooks, George, 327
Brown, J. Douglas, 327
Brownlow, Louis, 23 *n.* 15, 178
Bryce, James, 30
Buchanan, President, 167
Budget and Accounting Act, 23, 32, 177 *ff.*, 192, 579 *ff*, 583 *ff.*, 606, 609, 612
Budget and Efficiency, Bureau of, Los Angeles, 459
Budget Bureau, 35, 177 *ff.*, 191 *ff.*, 244 *ff*, 286 *ff.*, 370 *ff.*, 432 *ff.*, 454 *ff.*, 578 *ff*
Budgeting, 23 *ff.*, 32, 35, 174, 177 *ff*, 192 *ff.*, 205, 577 *ff.*, allotments, 603 *ff.*, and personnel administration, 549 *ff.*; apportionments, 604 *ff.*; appropriations, 580 *ff.*, 618; as staff activity, 147; budget ceilings, 618, budget review, 600 *n.* 37; by projects, 585, capital, *see* Capital budget; Planning, techniques, coordination, 593 *ff.*; deficiencies, 580 *ff*. departmental, 594 *ff.*; executive budget, 586 *ff.*; execution, 598 *ff.*; extraordinary budget, 599 *ff*, fund control, 603, fund transfers, 592 *ff*, 618, justifications, 582 *ff*, 618; legislative ceilings, 590 *ff.*, 621, legislative procedure, 587 *ff*. ordinary budget, 599 *ff*, personnel ceilings, 605 *ff.*; principles, 598 *ff.*, 608 *ff.*; reporting, 605; *see also* General staff, administrative, Government corporations; Staff agencies; Legislative control
Bureaucracy, 51 *ff.*, 80, 93 *ff*, 98 *ff.*, 414 *ff*; *see also* Interest groups; Organization, informal, Procedure, administrative
Burke, Edmund, cited, 527
Burnham, James, cited, 72
Bush, Vannevar, 81
Business, administration, *see* Management, private; and government, 11 *ff.*; *see also* Service state; organized, *see* Interest groups, manager, in administration, *see* Administration, public, business manager; practice, and responsibility, 504 *ff.*
Byrd, Senator, 449, cited, 257

C

Cabinet, coordinative role, 195 *ff.*, government, *see* England, informal, 307 *ff.*; potentialities of, 182 *ff*, *see also* Planning
Cairo, University of, 5
California, 159, University of, 454, 569
Call, for estimates, *see* Budgeting, justifications
Capital budget, 600; *see also* Planning, techniques
Car pool, 312
Career service, influence of, 204 *ff.*; *see also* Ideology, administrative; Personnel administration, public

Carnegie, Andrew, 168
Catholic, Church, *see* Administration, ecclesiastic; Welfare Conference, National, *see* Interest groups
Census Bureau, 370
Central, Electricity Board, 331; Statistical Board, 196
Chambers of Commerce, *see* Interest groups
Charts, *see* Organization; Surveys, administrative; Work simplification
Chatfield, Helen L., cited, 420
Chicago, 159, 285 *ff.*, 553, 572; University of, 450, 569
Chief executive, 10, 36, 53 *ff.*, 72 *ff*, 158 *ff.*; and foreign policy, 171 *ff.*; and government corporations, 236 *ff.*; and independent regulatory agencies, 223 *ff*; and interest groups, 172 *ff.*; and legislative control, 339 *ff.*; and reorganization, 176 *ff.*; *see also* Reorganization; and teamwork, 514 *ff.*; business leaders, 168 *ff.*; executive direction, 174 *ff.*; external relationships, 169 *ff.*; leadership, 7 *ff.*, 162 *ff*, legal powers, 101, 162 *ff.*, 175 *ff.*, 354 *ff*, municipal, 158 *ff.*; personal qualifications, 162 *ff.*; private management, 159 *ff.*; responsibility, 512 *ff.*; state, 158 *ff.*; *see also* Budgeting; Planning
Children's Bureau, 17, 142, 318 *ff.*, 370
Christian thought, and responsibility, *see* Responsibility, essentials
Churches, Federal Council of, *see* Interest groups
Churchill, Winston, 338
Cincinnati, 18 *ff.*, University of, 40, 569
City-manager plan, 7, 24, 73 *ff*, 160, 187
Civil Aeronautics, Administration, 86, 465, 524 *ff.*; Board, 221
Civil servants, rights, 92, 491 *ff.*, *see also* Personnel administration, public
Civil Service, Assembly, 450, 466, Commission, *see* Personnel administration, public
Clarity, of budget, *see* Budgeting, principles
Class theory, *see* Interest groups
Classification, *see* Personnel administration, public; Act, 23, 32, 551, 553, 581
Clay, Henry, 86; cited, 609
Clearance, legislative, 586, of appointments, 356 *ff.*; of policy proposals, 370 *ff.*; statistical, 586; *see also* Budget Bureau; Coordination
Cleveland, 285
Cleveland, Frederick A., 32
Cleveland, President, 23, 167; cited, 15
Clientele agencies, 15 *ff.*, 222 *ff.*, 304 *ff.*, 318 *ff.*
Clubs, employee, 312 *ff.*; USDA, 286 *ff.*
Coast Guard, United States, 524 *ff.*
College administration, *see* Administration, college
Columbia University, 30, 450
Combined boards, wartime, 192 *ff.*
Command, dual, *see* Supervision; unity of, *see* Organization
Commerce, Department of, 15 *ff.*, 113, 186, 189, 222, 319 *ff.*, 356, 459
Commercial Company, United States, 18, 243
Commission, of Inquiry on Public Service Personnel, 23, 41, 450; on Economy and Efficiency, 23, 32, 449; on Law Observance and Enforcement, National, 126 *ff.*; on Reclassification of Salaries, Congressional, 32; plan, of city government, 24
Commissions, of inquiry, 80 *ff.*; *see also* Independent regulatory agencies
Committee, for Congested Areas, 289; on Economic Security, 126; on Machinery of Government, 115; on Non-Essential Expenditures, Congressional, 259; on the Organization of Congress, Joint, 589 *ff.*; proposals, 617 *ff.*; *see also* Legislative control, reform; on Public Administration, 450; on the Reorganization of the Administrative Branch, Congressional, 190; on Taxation and Retrenchment, New York, 449; on Trade Agreements, 197
Committees, advisory, 79; area production urgency, 289, 327 *ff*; Cabinet, 182 *ff.*; hearings, *see* Budgeting, executive budget; interbureau, 205 *ff.*; interdepartmental, 196 *ff.*; legislative, meeting with administrators, 360; manpower priorities, 289; use of, in administrative improvement, 454 *ff.*
Commodity Credit Corporation, 242, 255
Commons, John R., 30
Communication, administrative, *see* Surveys, administrative; and field organization, 280 *ff.*; and middle management, 408 *ff.*
Community analysis, 292 *ff.*
Comparative study, administrative, 48
Compensation, *see* Personnel administration, public
Competitive bidding, 252
Comprehensiveness, of budget, *see* Budgeting, principles
Comptroller General, 179 *ff.*, 238 *ff.*, 244 *ff.*, 389, 455, 582 *ff*; *see also* Auditing; Government corporations
Confederation, Articles of, 99
Conference of Mayors, United States, 83, 172
Congress of Industrial Organizations, 327 *ff.*, 575 *ff.*; *see also* Interest groups
Connally, Senator, cited, 352
Connecticut, 549
Consultants, outside, 453 *ff.*

Consultation, administrative, 307 *ff*, *see also* Independent regulatory agencies, Interest groups, and coordination, 595 *ff*
Consumers' associations, *see* Interest groups
Contract Settlement Act, 616
Contracts, government, *see* Purchasing, governmental
Control, agencies, *see* Staff agencies, of operations, *see* Management, middle, *see also* Chief executive, Legislative control
Cooley, Judge, 216 *n* 5
Coolidge, President, 167, 225
Cooperatives, Central Bank for, 250, regional banks for, 250, *see also* Interest groups
Coordinating Service, 286 *ff* *see also* Committees, interdepartmental
Coordination and field organization, 284 *ff*; and organization, 152 *ff* budgetary, 593 *ff*, effect of reorganizations on, 20, government wide, 35 *ff* *see also* Budget Bureau, interdepartmental, 191 *ff*, of legislative proposals, 192 *ff*, of policy, 182, 228 *ff*, of statistical activities 192 *ff* regional, 287 *ff*, resistance to, *see* Organization political factors *see also* Budgeting, Budget Bureau, Chief executive, Clearance
Corporations, governmental, *see* Government corporations
Corruption, 31, 448 *ff*
Corwin, Edward S, cited, 176
Cost accounting, *see* Accountability, fiscal Work measurement
Cost of living, *see* Personnel administration public, compensation
Council, of Economic Advisers, 177, 179, 181, 588 of Ministers, *see* Russia, of Personnel Administration 41 *n* 33 370, 551, of State Governments, 24, 83 172, 450
County government *see* Government county
Court of Claims, 539
Courts, *see* Judicial review, Supreme Court
Cushman, Robert E, cited, 222 231, 541
Customs, Bureau of, 525

D

Dallas, 285 *ff*.
Darwin, 506
Davenport, Frederick, 449
Davies, Ralph, 324
Debt, public, *see* Accountability, fiscal
Decentralization, 12 *ff*, 149 *ff*, *see also* Field organization
Deconcentration, *see* Decentralization
Defense, Department of, 180, Homes Corporation, 242 *ff* Housing Coordination, Division of, 152, Plant Corporation, 243, 261, Supplies Corporation, 243, 261
Deficiencies, *see* Budgeting, deficiencies
Delegation, 54, 75 *ff*.; *see also* Chief executive, Departmental system, Management, middle
Democracy, office, 69 *ff*, 91 *ff*.
Democratic administration, 69 *ff*., 72 *ff*., 437 *ff*., and morale, 481 *ff*, *see also* Personnel administration, public, employee relations
Democritic theory, 306 *ff*.
Denver, 285 *ff*
Departmental system, 184 *ff*, bureau pattern, 202 *ff*, 246 *ff*, business examples, 185; executive function, 200 *ff*, growth, 16 *ff*, nomenclature, 198 resistance to direction, 202 *ff* secretarial level, 198 *ff*, *see also* Administration, public, improvement Budgeting, Management, middle, Personnel administration, public; Responsibility, administrative
Despotism, *see* Bureaucracy
Detroit, 18 *ff* 159
Dewey, Governor 75, 165
Dhonau, Max L, cited, 271
Dicey, A V, cited, 537 *ff*.
Dickinson, John cited, 100
Dictatorship, *see* Bureaucracy
Dimock, Marshall E, 241 *n*. 4
Disaster Loan Corporation, 243
Disbursement Division, 286, 272
Disbursing officer, *see* Accountability, fiscal
Discipline, administrative, 478 *ff*, and civic rights, 493
Discretion, administrative, *see* Independent regulatory agencies, Bureaucracy Policy, administrative formulation, Rule of Law
Districts, *see* Governmental districts
Dockery Act, 612
Domestic Commerce, 80
Donoughmore Committee, 64
Draft, *see* Selective Service System
Due process of law, 10 *ff*, *see also* Judicial review
Duguit, Leon, 538

E

Eastman, Joseph B, 209 *n* 2
Eaton, Dorman B, 28
Economic Stabilization Act, 333 *ff*
Economic warfare, *see* Commercial Company, United States
Economy, in government, *see* Budgeting Procedure, administrative, mixed, 26, 65 *ff*, 87 *ff* 98 *ff* *see also* Service state
Education, *see* Interest groups, School districts
Efficiency, Bureau of, 23, *see also* Procedure, administrative, Administration, public, Budget Bureau
Einstein, Albert, 528
Eisenhower, General, 164

Elective office, 186 *ff*, tradition, 11, 20 *ff*.
Electoral College, 91
Electric Home and Farm Authority, 248, 255
Elite, historic role, 21
Ely, Richard T, 30
Emergencies, impact on administration, 25
Emergency, Council, National, 287 *ff*, Fleet Corporation, 241, 616, Price Control Act, 536 *n* 25
Employee, rating, *see* Personnel administration, public, rating, suggestion systems, *see* Supervision, administrative, and employee initiative
Employment, Act, 177, 179, 181, 588 high level, 15, 26, 101 *ff*, 197 *ff* public, *see* Personnel administration, public, employment Service, United States, 87
England, 52 *ff*, 58, 63 *ff* 76 *ff* 92 *ff*, 101, 115, 161, 186, 195 *ff* 205, 238 266 *ff* 279, 312 *ff*, 331 *ff* 337 *ff* 343 *ff*, 359, 451, 508, 523, 529, 535 *ff* 558, 564, 575, 601, 606 *ff*, 614, civil service recruitment, 39 *ff*, influence on American administration, 9 *ff*
Equality, 10 *ff* procedural safeguards, 385 *ff*
Estimates, *see* Budgeting, justifications
Ethics, administrative, *see* Ideology, administrative, of administrative counsel, 70
Examinations, *see* Personnel administration, public
Executive, *see* Chief executive budget, *see* Budgeting
Executive legislative relations *see* Legislative control Policy
Executive Office of the President, 23, 35 *ff*, 109, 153, 179 *ff*, 191 *ff*, 288 292, 549, 597
Expenditures, federal, 19 *ff*, *see also* Budgeting, Accountability, fiscal
Experience, evaluation of, *see* Personnel administration public tests
Experts, functional, *see* Field organization, field headquarters relations use of outside 32 *ff*, 453 *ff*
Export Import Bank, 247, 255
Extraordinary budget, *see* Budgeting

F

Farm, Bureau Federation *see* Interest groups credit, *see* Federal Land Banks Credit Administration 243 *ff* 261, 459 Loan Act, 243, Security Administration, 84
Farmers Union, National, 355
Fascism, 481, *see also* Hitler, Mussolini
Fayol, Henri, 46
Federal, Barge Lines, 241, 247, Bureau of Investigation, *see* Investigations, business associations, 286, Communications Commission, 20, 61, 221 *ff*, 522; Deposit Insurance Corporation, 242, 246, 255, 260 *ff*, 524 *ff* Employment Stabilization Board, 126, Farm Mortgage Corporation, 242, 247 *ff* government, *see* Government, federal; Home Loan Bank Board, 152 *ff*, 522 *ff*, *Home Loan Bank Review*, 80; Home Loan Banks, 242, 250, Housing Administration, 153, Housing Authority, 152, Intermediate Credit Banks, 243, Land Banks, 241 *ff*, 249 *n* 17, 250, 261, Loan Agency, 152 *ff*, 190 Power Commission, 20, 221 *ff*., 289 *ff* Prison Industries, 242, 253 *ff*, 261, Public Housing Authority, 153, *Reserve Bulletin*, 80 Reserve System, 20, 211, 221, 318 *ff*, 522 *ff* Savings and Loan Insurance Corporation, 242, 247 *ff*, Security Agency, 145, 190 222, 277, 391 *ff*, 522, Surplus Commodities Corporation, 242, Trade Commission, 20, 61, 221 *ff*., 224 *ff*., 390, Works Agency, 152 *ff*, 190, *see also* National
Federalism, 12 *ff* cooperative, 25, 81 *ff*
Federalists, 21
Field organization, 144, 264 *ff*, centralization 269 *ff* communication 280 *ff* coordination, 284 *ff*, decentralization, 269 *ff*, dual command 277 *ff*, field headquarters relationships 277 *ff* growth, 264 *ff* joint planning, 289 *ff*, state, 268 *ff*, technological factors, 267 *ff* *see also* Organization
Fiscal, accountability, *see* Accountability, fiscal, policy, *see* Policy, fiscal, programs, formulation, 586 *see also* Budget Bureau
Fish and Wildlife Service, 290
Fish, Lounsbury S, cited, 122
Flow chart *see* Surveys, administrative
Follett, Mary P, 44 *ff*, 437 *ff*, cited, 176, 514
Food and Drug Administration, 222
Foreign, and Domestic Commerce, Bureau of 17, 370, 596, policy, and State Department 194, policy, Executive Committee for Economic, 197, *see also* Chief executive, and foreign policy
Forest Service, United States, 137, 144, 147 *ff*, 289, 291 *ff*
Four Years Law, 21
France 52, 63 *ff*, 184, 264 *ff*, 283, 343 359, 451, 538 *ff*
Frank, Jerome, cited, 529
Frederick William, Great Elector, 265
Freedom of expression, administrative, 111, *see also* Ideology, administrative
Freight rates, southern and western, 228 *ff*.
Freud, Sigmund, 528
Freund, Ernst cited, 106

Friedrich, Carl J., cited, 55
Frontier, influence on administration, 11 *ff.*

G

Gallatin, Secretary of the Treasury, 609
Gallup polls, 79
Gang-process chart, *see* Surveys, training
Gantt, Henry L., 452
Gaus, John M., 44
Gellhorn, Walter, 529
General Accounting Office, history, 613; *see also* Comptroller General
General Electric Company, 122
General Motors Corporation, 55
General staff, administrative, 456 *ff.*; Army, *see* Planning
Geological Survey, 603
George, Senator, cited, 356
George-Deen Act, 40
George Washington University, 40 *ff.*
Georgia, 228
Germany, 52, 53, 205, 316, 451, 494, 502, 538 *ff.*
Gifford, Walter S., 168
Gilbreth, Frank B., 452, 466
Gobbledygook, 68 *ff.*
Godkin, E. L., 28
Golden, Clinton S., 327 *ff.*
Good Neighbor policy, 243
Goodnow, Frank J., 30
Government corporations, 236 *ff.*, administrative expenses, 247 *ff.*, and political responsibility, 256 *ff.*, budgetary control, 250 *ff.*, Control Act, 239 *ff.*, 593, 616 *ff.*, growth, 17 *ff.*, 240 *ff.*; information, 259 *ff.*; municipal utilities, 17 *ff.*; overhead control, 244 *ff.*; personnel control, 255; powers of Comptroller General, 251 *ff.*
Government, county, growth, 19; federal, growth, 19 *ff.*; limited, 11 *ff.*, 14 *ff.*, local, administrative reforms, 24, beginnings, 9, English, 77, *see also* Community analysis, Intergovernmental relations; *Manual, United States*, 287; municipal, administrative improvement, 27 *ff.*, 448 *ff.*, "of laws," 57, 544, 577; personnel, *see* Personnel administration, public; Printing Office, 252; state, administrative improvement, 448 *ff.*, growth, 19; *see also* Intergovernmental relations; Personnel administration, public
Governmental districts, special-purpose, 9 *ff.*
Governor, *see* Chief executive
Governors' Conference, 172
Graduate School of the Department of Agriculture, 40, 572
Graham, George A., 38
Grain Corporation, United States, 241
Grand Coulee, 291
Granger Laws, 14
Grant, General, 167
Great Britain, *see* England
Greek Orthodox Church, *see* Administration, ecclesiastic
Green sheets, *see* Budgeting, justifications
Grievances, *see* Personnel administration, public, grievances
Griffenhagen and associates, 33
Group participation, *see* Morale
Gulick, Luther, 23 *n.* 15

H

Haldane report, 115
Hamilton, Alexander, 100, 125, 166, 582, 608; influence on administration, 12 *ff.*, 15
Hancock, John, 128; cited, 98
Hansen, Alvin H., 588
Harding, President, 167, 224, 614
Harvard University, 5, 30, 450, 546 *n.* 4, 569; School of Business Administration, 44 *ff.*
Hatch Act, 493
Haurıou, cited, 283
Hayek, F. A., cited, 72 *ff.*
Headquarters, *see* Field organization
Hearing, budget, *see* Budgeting, justifications, legislative, budget, 588 *ff.*, 618; *see also* Regulation, governmental Independent regulatory agencies; Judicial review
Henderson, Leon, 328 *ff.*
Herring, Pendleton, cited, 188
Hetzel, Ralph, 327
Hewart of Bury, 529, cited, 59 *ff.*
Hierarchy, and middle management, 400 *ff.*, *see also* Legislative control; Organization
Hill, James J., 168
Hillman, Sidney, 327 *ff.*
Hitler, 52 *ff.*, 125, 502
Hoan, Mayor, 169
Holden, Paul E., cited, 122
Holland, 52
Holmes, Justice, cited, 18
Home Owners Loan Corporation, 242, 247 *ff.*, 256, 258, 522 *ff.*
Hoover, Herbert, 103, 190, 225
Hopkins, Harry, 175, 308
House, Colonel, 175, 308
Housing, *see* National Housing Agency; Authority, United States, 152 *ff.*, 289; Corporation, United States, 241
Hughes, Governor, 449
Human factor, *see* Morale
Human Nutrition and Home Economics, Bureau of, 391 *ff.*
Humphrey case, 151, 176, 210 *ff.*, 224 *ff*

I

Ideology, administrative, 8 *ff*, 36 *ff*, 206, 544, 558 *n* 18; and administrative policy, 373 *ff*, and administrative procedure, 381 *ff*, *see also* Interest groups, Organization, informal, Personnel administration public, employee relations

Illinois, 192, state reorganization, 24, state constitutional convention, 32 *ff*

Immigration and Naturalization, Bureau of, 525

Incentives, *see* Morale

Independent regulatory agencies, 23, 29 *ff*, 151, 186 *ff*, 207 *ff* 540 *ff*, and legislative control, 348 *ff* inertia, 228 *ff* judicial control, 217 *ff*, 519 *ff* proposals of President s Committee on Administrative Management, 234 *ff*, segregation of functions, 233 *ff*, 537 *ff* state, 62 *n* 15, 226 *ff*, status guarantees, 207 *ff* types of 207 *ff*, *see also* Bureaucracy, Regulation, governmental

Indoctrination, *see* Ideology, administrative

Influence, *see* Organization, informal

Information, administrative 80, 174 *ff* and administrative surveys, 467 *ff* and field organization, 281 *ff* and government corporations, *see* Government corporations, information, and public interest, 114 *ff*, reporting schemes, 419 *ff*, *see also* Budgeting, reporting

Information, public, on legislature, 353 *ff*

Inland Waterways Corporation, 241, 247, 253, 259 *ff* 593

In service training, *see* Personnel administration, public, training

Inspection, 523 *ff* field, 281 *ff* *see also* Regulation governmental, administrative approach

Institute of Inter American Affairs 243 of Inter American Transportation 243 of Public Administration, 33, 450 *ff*

Institutional administration, *see* Organization staff

Instruction training, *see* Supervision, administrative, skills

Integration, and legislative control, 344 *ff* and organization, 152 *ff* *see also* Independent regulatory agencies

Integrity, administrative, *see* Ideology, administrative, Responsibility, administrative

Inter-American, Educational Foundation, 243, Navigation Corporation, 243

Interest groups, 304 *ff*, 314 *ff*, 375 *ff*, and bureaucracy, 314 *ff*, and independent regulatory agencies, *see* Independent regulatory agencies; and regulation, *see* Regulation,

Interest groups—(*Continued*)

governmental, Bureaucracy, and service state, 98 *ff* clientele organization, 318 *ff* *see also* Clientele agencies, consultation, 334 *ff*, governmentalization, 316, interest representation, 330 *ff* staffing for point of view, 322 *ff* types, 314 *ff*, *see also* Chief executive, Information, administrative, Intergovernmental relations

Intergovernmental relations, 25, 81 *ff*, *see also* Service state

Interior Department of the, 17, 142 *ff*, 186, 222 249 269 289 *ff*, 345, 580, 585, 603

Internal Revenue Bureau of 525

International, Association of Chiefs of Police, 450 City Managers Association, 24 *n* 17, 450, 494

Internship, *see* Personnel administration, public, training

Interstate Commerce Commission, 61, 113, 186, 209 *n* 2, 215 216 *n* 5 219, 221 *ff* 228, 232, 318 *ff*, 369, 451 *ff*, 522 *ff* 541

Interviews, *see* Personnel administration, public, tests Surveys, administrative

Investigation Federal Bureau of, 571, of facts, *see* Budgeting, justifications, Policy, administrative, formulation, suitability, 563 *n* 24

Italy, 53

J

J programs, 424 *ff*, 475

Jackson, Andrew, 22 95, 166 *ff*

James, William, cited, 98

Japan, 451

Jefferson, Thomas, 11, 21, 77, 95, 100, 166, 609 cited 77, influence on administration, 12 *ff*

Job, instruction training, *see* Supervision, administrative skills management training, *see* Supervision, administrative, skills, relations training, *see* Supervision, administrative skills

Johns Hopkins University, 30

Joint Chiefs of Staff 194

Jones, Jesse, cited, 257

Judicial review, administrative courts, 538 *ff* administrative fairness, 531 *ff* legislative standards 535, of administration, 519 *ff* political factors 542 scope, 533 *see also* Independent regulatory agencies, Regulation, governmental, Supreme Court

Judiciary, and chief executive, 169 *ff*

Juran, J M , cited, 445 *ff*

Justice, 10 *ff* Department of, 186, 223, 224, 261, 580, 610

K

Kansas City, Mo., 79, 285
Keenan, Joseph B, 327 *ff.*
Kefauver, Representative, cited, 359
Keynes, John M 588
Kiev, University of, 5
Knoxville, Tenn, 285
Knudsen, William S, 327 *ff.*, cited, 54
Krug, Julius A, 324

L

Labor, Bureau of, 17, Department of, 15 *ff* 142, 186, 201, 222 *ff*, 319 *ff*, 353, organized, *see* Interest groups, Statistics, Bureau of, 112, 201
LaFollette, Robert, Sr, 168
LaGuardia, Mayor, 169, 454, 545
Laissez faire, *see* Nonintervention, governmental
Land-grant colleges, 84
Land use planning, *see* Planning, techniques
Landis, James M, 529
Language sheets, *see* Budgeting, justifications
Laski, Harold J, 335
Latin America, 243
Lausche, Mayor, 169
Laves, Walter H C, cited, 366 *n* 1
Law, administrative, *see* Judicial review, legal approach, 30, role of agency lawyer, 376 *ff.*; schools, and public service training, 41, *see also* 'Rule of law' Due process of law
Lawyer, in government, 547
Leadership, administrative, *see* Morale, political, *see* Chief executive, *see also* Organization, informal
League of Women Voters, 112, 307, 546
Lee, Ivy, 199
Legal profession, 62, 527 *ff*
Legality, *see* Judicial review
Legislation, delegated, *see* Independent regulatory agencies, Judicial review
Legislative control, 77 *ff*, 339 *ff*, and administrative accountability, 354 *ff*, and administrative procedure, 386 *ff* and appointments, 354 *ff*, and executive responsibility, 354 *ff* and independent regulatory agencies, 223 *ff* and integration, 344 *ff*, and responsibility, 349 *ff* diffusion, 342 *ff*, of removals, 357 *ff*, over administration, 189 *ff* reform, 358 *ff*, *see also* Accountability, fiscal, Auditing, Budgeting
Legislative executive relations, *see* Executive-legislative relations
Legislative reference libraries, 29
Legislative Reorganization Act, 621
Lehman, Governor, 168
Liability, *see* Auditing
Liaison Office for Personnel Management, 179, 181 *ff*, 549
Liberty, 10 *ff.*, 98 *ff.*, procedural safeguards, 385 *ff*, *see also* Democratic administration
Libraries, public, and planning, 137
Lilienthal, David E, 47, 285 *ff.*, cited, 132 *ff*, 244, 252
Limited government, *see* Government, limited
Lincoln, Abraham, 167, 601
Lincoln, Neb, 286
Line, *see* Organization
Lloyd Henry Demarest, 28
Lobbyists, 75, 88
Local government, *see* Government, local
London, 266, County Council, 331, Passenger Transport Board, 331
Lord Chancellor, 60
Los Angeles, city, 159, 459, 551, 557, 572, 576, county 40, 459, 465
Lowden, Governor, 24
Lowell, A L, 30
Loyal opposition, administrative, 312 *ff.*
Loyalty, *see* Ideology, administrative, investigations, 347 *n* 9

M

Macaulay report, 39
MacLeish, Archibald, 199
Macmahon, Arthur W, 43, cited, 181, 191
Madison, James, 21, cited, 314
Management, and personnel administration, *see* Personnel administration, public
Management, 'arms of, 23, 178 *ff*, 191 *ff*, 301, 401 *ff* *see also* Staff agencies, bulletins, 468 *ff*, definition, 4, improvement, *see* Administration, public, improvement, legislative, 5, *see also* Legislative control
Management, middle, 400 *ff*, and operations control, 406 *ff*, and top direction, 404 *ff*, approach, 416 *ff* delegation, 416 *ff*, records, 420, reporting schemes, 419 *ff*, taking orders, 413 *ff*, *see also* Budgeting, Personnel administration, public
Management, multiple, *see* Management, middle
Management, private, 3 *ff*, 159 *ff*, 483 and public administration, 450 *ff*, and red tape, 55 *ff*, and unions, 442 *ff*, research, *see* Management, scientific
Management principles of, *see* Administration public, study, public, *see* Administration, public
Management, scientific, 34 *ff*, 398 *n* 8 and public administration, 450 *ff*, *see also* Taylor, Frederick W
Management-Labor Policy Committee, 337
Manuals of procedure, 570

Maritime Commission, United States, 221, 522 *ff.*
Marshall, General, cited, 399
Marx, Karl, 528
Massachusetts, 545; early banking regulations, 14
Master plan, *see* Planning, techniques; Division of, 133 *ff.*
Maverick, Mayor, 169
Mayo, Elton D., 44 *ff.*, 437 *ff.*
Mayor, *see* Chief executive
McCarl, Comptroller General, 615 *ff.*
McCormick, Charles P., 412 *ff.*
McKellar, Senator, 258 *ff.*
McKinley, President, 167
McNarney, General, cited, 132
Measurement, of work, *see* Work measurement
Melbourne, Lord, cited, 73
Mercantilism, 13
Merit system, 32 *ff.*, 544 *ff.*, growth, 12; *see also* Personnel administration, public; Service state
Merriam, Charles E., 23 *n.* 15, cited, 14
Message, budget, 587 *ff.*, combined, State of the Union and budget, 178, 587 *ff.*; State of the Union, 587 *ff.*
Metals Reserve Company, 243, 261
Methods, *see* Procedure, administrative; Supervision, administrative, skills
Metropolitan administration, 18 *ff.*
Michigan, 549; Civil Service Act, cited, 494; Municipal League, 40
Middle Ages, 264 *ff.*
Middle management, *see* Management, middle
Militia, Act, 521, state, 82
Miller v. Horton, 534
Millett, John D., 43
Milwaukee, 286
Ministers' powers, *see* Donoughmore Committee
Minnesota, 549; University of, 450, 569; conference of 1931, 39
Mises, L. von, 72 *ff.*
Mitchel, Mayor, 448 *ff.*
Monroe, James, 21
Montgomery County, O., 165
Mooney, James D., cited, 5
Morale, 478 *ff.*, and discipline, 491 *ff.*; and organization, 495 *ff.*, and specialization, 496; building of, 483 *ff.*, definition, 478 *ff.*, factors, 4, *see also* Democracy, office; Management, middle, Organization, informal; Relationships, administrative, theory
Morality, administrative, procedural protection, 387 *ff.*, *see also* Ideology, administrative
Morgan cases, 535
Morrison, Herbert, 64; cited, 238
Morstein Marx, Fritz, cited, 539
Mortgage Corporation, 242, 249
Mosher, William E., 450
Motivation, *see* Organization, informal
Muckrakers, 28 *ff.*
Multiple management, *see* Management, middle
Municipal, administration, growth, 18 *ff.*; Finance Officers Association, 450; politics, 73 *ff.*, research, 24, 27 *ff.*, 448 *ff.*, *see also* New York Bureau of Municipal Research; utilities, 523; *see also* Government corporations
Mussolini, 53
Myers case, 225

N

Napoleon, 265
National, Association of Manufacturers, 112, 315, cited, 81; Civil Service League, 546; Defense Act, 126, Defense Mediation Board, 333 *ff.*, Education Association, 24, 369 *ff.*, Farmers Union, *see* Interest groups; Federation of Federal Employees, 488 *ff.*, 576; Guard, 82; Housing Agency, 90, 153, 191, 261, Industrial Recovery Administration, 321 *ff.*, Institute of Public Affairs, 40, 567, 569 *ff.*, Municipal League, 24, 29, 448; Labor Relations Board, 20, 61, 221, 526, 536, 575; Park Service, 144, 289 *ff.*, 585; Research Library, proposal for, 50; Resources Committee, *see* National Resources Planning Board, Resources Planning Board, 127 *ff.*, 179, 181, 285, 289; reports, 81; Short Ballot Organization, 29; War Labor Board, 128, 333 *ff.*
Nationality organizations, *see* Interest groups
"Nation's budget," 588
Natural resources, *see* Resources, natural
Navigation, Bureau of, 86
Navy Department, 42, 128, 142, 180, 186, 269, 346, 454, 460, 476, 581
Nazism, 481, *see also* Hitler
Negro organizations, *see* Interest groups
Nelson, Donald, 327 *ff.*
Neutrality, administrative, *see* Ideology, administrative
New England, town government, 9
New Orleans, 285
New York, Bureau of Municipal Research, 24, 27 *ff.*, 448 *ff.*, city, 159, 285, 448 *ff.*, 551, 557, 572; charter reform, 129 *ff.*, Planning Commission, 128 *ff.*, constitutional convention, 32 *ff.*, 449; state, 159, 448 *ff.*, 533, 545, 557, 600, administrative procedure, 529 *ff.*, 540; University, 569
Niles, Mary C. H., cited, 417
Nonintervention, governmental, 11 *ff.*, 98 *ff.*; limits, 15 *ff.*, *see also* Bureaucracy; Planning
Norris, Senator, 512

North Carolina, 465
North Dakota, 465
Northcote-Trevelyan report, 39
Northwest Territory, 10
Northwestern University, 569

O

Oatman, Miriam E, cited, 63
Obligations, financial, *see* Accountability, fiscal
O'Brien, James C, 564
Office, Management Association, National, 452, for Emergency Management, 23, 152, 179, 191, 194 *ff*, of Civilian Defense, 83; of Contract Settlement, 193, of Defense Transportation, 85, 222, 289, 321 *ff*, 336 *ff*, 526, of Economic Stabilization, 179, 191, 193 *ff*, 333 *ff* of Education, 428; of Government Reports, 179, of Indian Affairs, 142 *ff*, 318, 580, of Price Administration 128, 217, 222, 269, 321 *ff* 377, 475, 486 *ff* 529 *ff*, 572, of Production Management, 321 *ff* of Scientific Research and Development, 81, 115, of Strategic Services, 564, of War Mobilization and Reconversion 128 179, 182, 191, 193 *ff*
Officialese, 68 *ff*
Officiousness, *see* Bureaucracy
Old Age and Survivors Insurance, Bureau of, 391 *ff*
Olson, Governor, 168
Opinion analysis, *see* Information
Ordinary budget, *see* Budgeting
Ordway, Samuel H, Jr, 564
Organization, and change 297 and coordination, 152, and procedure, 383 *ff* bases, 141 *ff*, 187 *ff*, bureau, 202 *ff* charts, 294 *ff*, definition, 140 *ff* departmental, 184 *ff*, ecclesiastic, 5, field, *see* Field organization, for administrative analysis, 452 *ff* guiding rules, 153 *ff*, hierarchy, 148 *ff* human factor 43 *ff* informal, 294 *ff*, and organized employees 313 informal cabinet, 307 *ff* relationships 294 *ff*, personal secretary, 309 *ff*, integration, 152 *ff*; line, 145 *ff* of departments 184 *ff* of personnel administration, 547 *ff* personal, 296 *ff*, 300 *ff* political factors, 144 *ff*, 188 *ff*, 197 *ff*, span of control 149, 184 *ff*, staff, 145 *ff*, 200 *ff* 298 *ff* theory, 32 *ff*, 44 *ff*, unity of command, 150 *ff*; working concepts, 140 *ff* *see also* Field organization, Morale, Personnel administration, public, training
Overman Act, 176, 190
Overtime Pay Act, 605 *ff*
Oxford University, 5

P

Paine, Thomas, 75
Palermo, University of, 5
Panama Railroad Company, 241, 247, 253
Paper work, *see* Auditing; Procedure, administrative, Management, middle, records
Paris, University of, 5
Park Service, *see* National Park Service
Participation, *see* Morale
Party government, *see* Chief executive, Legislative control
Patent Office, 16
Patents, Superintendent of, 16
Patronage, *see* Rotation in office
Patten, Simon, 30
Pendleton Act, 22
Pennock, J Roland, cited, 60
Pennsylvania, 159, Railroad, 199, University of, 30
Perfectionism, 95 *ff*
Performance, standards, *see* Administration, public, improvement, Morale, tests, *see* Personnel administration, public, tests
Periodicity, of budget, *see* Budgeting, principles
Permanent Appropriations Repeal Act, 600
Personnel administration, public, 544 *ff* and budgeting, 549 *ff*, as staff activity, 147, central, 548 *ff*, classification, 553 *ff*, compensation, 553 *ff*, departmental, 550 *ff* employee rating, 446 *ff*, 566 *n* 27, employee relations, 574 *ff*, employment, 557 *ff* examinations, 560 *ff*, grievances, 576, growth, 20 *ff* internship, 569 *ff* organization of, 181 *ff*, 547 *ff*, orientation, 570, personnel ceilings, 193, 605 *ff* placement, 93 *ff*, 566 *ff* recruitment, 559 *ff* staffing for point of view, *see* Interest groups, suitability test, 347 *n* 9, tests, 562 *ff* training, 567 *ff*, *see also* Administration, public, improvement Administration, public, training Discipline Government corporations, personnel control Legislative control, of removals, Morale, Organization, informal, Planning, President's Committee on Civil Service Improvement Supervision, administrative, selection for, Supervision, administrative, skills
Personnel, federal, growth, 19, policy, public, *see* Legislative control, appointments
Petroleum Administration for War, 222, 321 *ff* 454
Pfiffner, John M, cited, 434 *ff*, 465
Philadelphia, 159, 285
Phillips Petroleum Company, 185
Pinchot, *see* Ballinger-Pinchot controversy
Pinkerton Detective Agency, 581
Pioneers, *see* Frontier

Placement, *see* Personnel administration, public
Planning, administrative, 23, 46 *ff.*, 123 *ff.*, 174, 192 *ff.*; and unions, 459 *ff.*, *see also* Policy, administrative, formulation; and administration, 121 *ff.*, 181; and management, 131 *ff.*; and operations, 130 *ff.*; and totalitarianism, 125; as staff activity, 146 *ff.*; joint field, 289 *ff.*; legislative, 124; machinery, 126 *ff.*; military, 124; of administrative surveys, 462 *ff.*, organizational, *see* Organization; personnel, 134 *ff.*, public relations, 138 *ff.*; techniques, 136 *ff.*, *see also* Policy
Plant Industry, Soils, and Agricultural Engineering, Bureau of, 113
Police, state, 18
Policy, administrative, 7 *ff.*, 198 *ff.*, 365 *ff.*, and supervision, 441 *ff.*, clearance, 370 *ff.*, dynamics of, 377 *ff.*, external factors, 375 *ff.*, formulation, 88 *ff.*, 365 *ff.*, *see also* Legislative control, Management, middle; administrative feasibility, 110, and administration, 7 *ff.*, 53 *ff.*, 72 *ff.*, 88 *ff.*, 108 *ff.*, 158 *ff.*; and interest groups, 314 *ff.* and legislative control, 339 *ff.*, contribution of administrators, 36 *ff.*; coordination of, 182, 228 *ff.*; executive, and recruitment, 557 *ff.*; executive-legislative relations, 170 *ff.*, 198 *ff.*, fiscal, 26, 102, 586 *ff.*, legislative, 7 *ff.*, 365 *ff.*, planning, 46 *ff.*, 105 *ff.*; political feasibility, 109 *ff.*, primacy over administration, 7 *ff.*
Political, leadership, *see* Chief executive; rights, of civil servants, 493 *ff.*
Port of London Authority, 331
Portland, Ore., 385
POSDCORB, 146
Post-entry training, *see* Personnel administration, public, training
Post Office Department, 82, 84, 135 *ff.*, 186, 245, 269, 459, 521, 532, 593, 599
Postal administration, 99
Postmaster General, 172, 198, 604
Pound, Roscoe, cited, 527 *ff.*
Power, abuse of, *see* Bureaucracy, Judicial review; political, as corruptive influence, 12 *ff.*
Pragmatism, in administration, 14 *ff.*, 90 *ff.*, 102 *ff.*
Pre-entry training, *see* Personnel administration, public, training
Prerecruitment, 243
President, *see* Chief executive
President's, Commission on Home Building and Home Ownership, 81; Committee on Administrative Management, 23, 34, 35, 46, 449, 548 *ff.*; cited, 127, 178, 186; proposals, 178 *ff.*, 234 *ff.*, 288, 540 *ff.*, 617; Committee on Civil Service Improvement, 23, 41 *ff.*; cited, 402 *ff.*; Committee on Recent Social Trends, 81, 450
Pressure groups, *see* Interest groups
Price administration, 83; *see also* Office of Price Administration
Prior authorization, of budget, *see* Budgeting, principles
Procedure, administrative, 237 *ff.*, 381 *ff.*, 414 *ff.*; analysis, 392 *ff.*; and legislative control, 366 *ff.*; and organization, 383 *ff.*; creation, 392 *ff.*, for grievances, 576; institutional, 389 *ff.*, manuals, 570; standardization, 392 *ff.*; types, 381 *ff.*; working, 389 *ff.*; *see also* Independent regulatory agencies; Administrative Procedure Act; Attorney General's Committee on Administrative Procedure
Process chart, *see* Surveys, administrative
Production Credit Corporations, 243 *ff.*, 260
Professional associations, of officials, 24, 31 *n.* 9, 315, 450
Progressivism, 29 *ff.*
Projects, *see* Budgeting, by projects; Surveys, administrative
Property, and interest groups, *see* Interest groups: ownership, 13
Protectionism, *see* Tariff, protective
Prussia, 265
Psychology, public employment, 67 *ff.*; *see also* Bureaucracy
Public administration, *see* Administration, public; Clearing House, 24, 40, 370 *ff.*, 450; 463, 571; Service, 35, 450 *ff.*, 465, 476
Public, assistance, *see* Work Projects Administration, Works Progress Administration; Buildings Administration, 252; Health Service, United States, 290, 370, 525 *ff.*; information, opinion analysis, 78 *ff.*; *see also* Information
Public relations, and administrative policy, 376; counselors, 315; departmental, 199 *ff.*; executive, 170 *ff.*; *see also* Information; Planning, public relations
Public reporting, public relations officers, 80; *see also* Information
Public works, *see* Planning; Budgeting; Auditing; Administration, 270 *ff.*, 280
Publicity, of budget, *see* Budgeting, principles
Purchasing, governmental, 581; municipal, 24

Q

Quartermaster Corps, 475
Quasi-departments, 23, 190 *ff.*
Quasi-judicial agencies, *see* Independent regulatory agencies

Quasi legislative agencies, *see* Independent regulatory agencies
Questionnaires, *see* Coordination, statistical, Surveys, administrative

R

Ramspeck, Representative, 449; Committee 419 Act 255
Randolph, John, cited, 609
Rating, of employees, 416 *ff*
Receipts public *see* Accountability, fiscal
Revision Act, 605
Reclamation, Bureau of 249, 290 *ff*, 345
Reconnaissance administrative, *see* Surveys, administrative, types
Reconstruction Finance Corporation, 103, 228, 241 *ff* 356
Record administration, *see* Management, middle, record
Recruitment *see* Personnel administration, public
Red tape, *see* Bureaucracy, Procedure, administrative
Reed Justice 23 41 102 *ff*
Reform, administrative 27 *ff* and corruption 22 *see also* Personnel administration, public legislative, *see* Legislative control, reform Reorganization municipal, 448 *ff*, of legislative budget procedure, 590 *ff*
Regimentation, *see* Bureaucracy
Regional, administration, *see* Field organization development authorities, 290 *ff*; planning commissions, 269 *ff*
Regulation, governmental 522 *ff*, administrative approach, 214 *ff*, freedom under, 13 *ff* benefits of, 113 *ff*, judicial review, 107 *ff* 519 *ff* nature of, 212 *ff*, *see also* Bureaucracy, Intergovernmental relations
Regulatory agencies, *see* Independent regulatory agencies
Reiley, Alan C, cited, 5
Relationships, administrative, *see* Budgeting, Personnel administration, public, Planning theory, 44 *ff* citizen administrator, 66 *ff* executive legislative *see* Policy human, and management improvement, 474 *ff*, informal organization 294 *ff*, working *see* Supervision, administrative, skills
Relations employee *see* Personnel administration public employee relations public, *see* Public relations
Relief, *see* Work Projects Administration; Works Progress Administration, and Rehabilitation Administration, United Nations, 555, recipients, *see* Interest groups
Removal, *see* Chief executive, legal powers
Reorganization, and chief executive, 176 *ff*.; Act of 1939, 23, 127, 176, 179, 186, 190 *ff*, 234 *n* 31, 361, 617, of 1945, 23, 176, 180 *ff*, 186, 190, 234 *n* 31, 361, 617; legislative, 78, 358 *ff*., 590 *ff*, 617 *ff*, municipal, 31 *ff*., 161 *ff*, 186 *ff*, 192 *ff*, 448 *ff*, state 10, 23 *ff*., 31 *ff*, 161, 185 *ff*, 192 *ff*, 448 *ff*
Reporting, *see* Information, administrative
Reports Act, 193
Representation of public interest, 87 *ff*, *see also* Interest groups
Research administrative, *see* Administration, public Information, administrative, and warfare, 82 *ff* bureaus, municipal, *see* New York Bureau of Municipal Research
Resources, natural, exploitation, 14, *see also* Service state
Responsibility administrative, 37, 90 *ff*, 515 *ff*, and administrative policy, 365 *ff*, psychological factors, 67 *ff* *see also* Auditing Budgeting, Personnel administration, public Organization, informal, and business practice, 504 *ff*; and discretion, 501 *ff* essentials, 501 *ff*, executive, 6, 32 *ff*, 158 *ff*, 512 *ff*, diffusion, 349 *ff* legislative, 507 *ff*, diffusion, 349 *ff*
Retraining and Reemployment Administration, 193
Revenue, *see* Accountability, fiscal
Review, budget, 600 *n* 37
Riders, legislative, *see* Budgeting, appropriations
Right and left hand chart, *see* Surveys, administrative
Rochester Gas & Electric Corporation, 185
Rockefeller, John D, 168, 199
Roethlisberger, Fritz J, 437 *ff*
Roman Catholic Church, 149 *see also* Administration, ecclesiastic
Roosevelt, Franklin D, 23, 75, 168 *ff* 179, 195, 211 225, 228, 558, cited, 163 *ff*, 167
Roosevelt, Theodore, 25, 161, 167
Root, Elihu, cited, 130
Rotation in office, 11 *ff*, 27 *ff*, 95, *see also* Responsibility, essentials
Rubber Development Corporation, 243, Reserve Company, 243
Rule of law,' 10 *ff*, 58 *ff*, 385 *ff*, extension of, 522
Rule making administrative, 519 *ff*, *see also* Bureaucracy Independent regulatory agencies
Rural Electrification Administration, 355 *ff*
Russia, 164 *ff*., 178, 316

S

St Louis, 159
St. Paul, 557

Salamanca, University of, 5
Salaries, *see* Personnel administration, public, compensation
San Francisco, 285 *ff*, 572
Scandinavian countries, 52
School districts, growth, 10
Schurz, Carl, 28
Scientific management, *see* Management, scientific
Seasongood, Mayor, 169
Seattle, 79
Secretary, *see* Departmental system, personal, 309 *ff*
Securities and Exchange Commission, 20, 61, 221 *ff* 261, 318 *ff*, 522 *ff* 529 *ff*, 607
Selective Service System, 83 522
Self restraint, administrative 8 *ff* 112 *ff*
Service activities, *see* Organization, staff
Service ideology, *see* Ideology, administrative
Service rating, *see* Personnel administration, public, rating
Service state 18, 98 *ff*
Shakespeare, cited, 52
Shintoism 481 *see also* Japan
Shipping Board, 616
Short ballot, 32 *ff*
Simo motion chart *see* Surveys, administrative
Simplification, Committee on Simplification of Procedures New York City, 454 procedural, 392 *ff* *see also* Organization, Work simplification
Sloan Alfred P, 168
Smaller War Plants Corporation, 250, 253
Smith, Adam, 13, 85, cited, 502 *n* 2
Smith, Governor, 168
Smith, Harold D, 460 *ff*
Smith, Hubert L cited 122
Social Science Research Council, 450
Social Security, Act, 545 Board 114, 145, 277, 391 *ff* 459
Social Workers, *see* Interest groups
Society for the Advancement of Management, 5, 452
Solid Fuels Administration 222
Solidarity, professional, *see* Ideology, administrative Morale
Somervell, General 460
South Carolina, 465
Southern California University of, 40, 569, 572
Soviet Union, 52, 125 *see also* Russia
Span, of control, *see* Organization, of supervision, 442
Specialization, *see* Organization, Morale, Personnel administration, public
Specificity, of budget, *see* Budgeting, principles
Spencer, Herbert, 15
Spending power, *see* Accountability, fiscal
Spoils system, *see* Rotation in office
Spruce Production Corporation, United States, 241
Staff, *see* Administration, public, improvement Legislative control, reform, Organization Policy, administrative, formulation, agencies, 35 *ff*, 109 *ff*, 180 *ff*, 191 *ff*, 236 *ff*, *see also* Budgeting, Budget Bureau, Executive Office of the President, Planning, conferences, 206, 446, 495 *ff*, *see also* Management middle legislative, 592, 615, 618
Stalin Joseph cited 164 *ff*
Standard Oil, of California, 454
Standard operating procedure, *see* Procedure, administrative
Standardization, of procedure, *see* Procedure, administrative, standardization
Standards, National Bureau of, 16, of operations, 583 of regulation, *see* Independent regulatory agencies performance, *see* Morale
Stassen Governor, 168 545
State Department 117 186, 194, 457 *ff*
State government *see* Government, state
States rights, *see* Intergovernmental relations
Statistical Reporter 370
Steamboat Inspection Service 16, 86
Stone Donald C cited 122 154 *ff*, 160, 281
Strike *see* Unions government employee
Suggestion systems 462 476 *ff* *see also* Supervision administrative, and employee initiative
Sumner William Graham, 14
Supervision, administrative, 421 *ff* and employee initiative 441 *ff* 476 *ff* and employee rating 446 *ff* and management improvement 461 *ff* and policy 441 *ff* dual 150 277 *ff* functional 421 *ff* institutional aspects 423 *ff* problems, 434 *ff* reforms 434 *ff* selection for, 439 *ff* skills 424 *ff*
Supreme Court 104 107, 151 170 176 228 330 *n* 15 369 385 *ff* 533 *ff* 613 *see also* Humphrey case
Surplus War Property Administration, 193
Surveys, administrative 32, 448 *ff*, approach, 473 *ff* charting devices 472 interviews 469 *ff* planning 466 *ff*, reporting, 472 *ff* types, 464 *ff* training, 475 *ff*.
Switzerland 52
Syracuse, University, 39, 40, 450, 569

T

Taft President, 23 25, 32, 225, 449
Tariff, Commission, United States, 20, protective 15 *ff*
Tarver, Representative, cited, 350

Tax Court of the United States, 61, 539 *ff.*
Taxpayers' leagues, *see* Interest groups
Taylor, Frederick W, 34, 398 *n* 8, 421 *ff.*, 451 *ff.*, 466
Teamwork, *see* Morale, Organization, informal, Relationships, administrative, theory
Techniques, *see* Administration, public, improvement, Procedure, administrative
Technology, administrative, 436, and administration, 18 *ff.*, *see also* Bureaucracy; Field organization
Tennessee, 185, Valley Authority, 18, 46 *ff.*, 94, 132 *ff* 142, 228, 240 *ff* 275 289 *ff.*, 486, 555 *ff.*, 567, 585, 593, 609 *ff.*, 615 *ff*
Terms, staggered, *see* Independent regulatory agencies, types of
Territories and Island Possessions, Division of, 142
Tocqueville, de, cited, 86
Totalitarianism *see* Morale, in wartime government, 98 *ff*
Towne Henry R, 451
Trade, associations, *see* Interest groups, unions, *see* Interest groups, Unions
Trades Union Congress, 337 *ff*
Training, *see* Programs, Personnel administration, public, training, Surveys, training Within Industry Service, 424 *ff.*, 568
Transfers of funds, *see* Budgeting
Transportation Act, 230 *n* 24
Treasurer, of the United States, *see* Budgeting
Treasury Department, 186, 244 *ff* 250 *ff.*, 269 *ff* 286, 389 *ff.*, 455, 558, 579 *ff*
Tripartite boards, *see* Interest groups, representation
Truman, President, 166, 449, Committee, 449

U

Uhrbrock, Dr, cited, 561 *n* 22
Undersecretary, *see* Departmental system
Unification, of structure, *see* Organization, Integration, Coordination
Unions, government employee, 313, 442 *ff.*, 487 *ff.*, 574 *ff*
United Public Workers of America, 576
Unity, of budget, *see* Budgeting, principles
University administration, *see* Administration, college
Universities, and administration, 448 *ff.*, *see also* Administration, public, training, and public service, 559 *ff.*, contribution to administration, 30 *ff.*
Urwick, Lyndall, 46, cited, 164
Utilities, *see* Government corporations; Municipal utilities

V

Valley Authorities, 290 *ff.*, *see also* Tennessee Valley Authority
Vandenberg, Senator, cited, 357
Veterans Administration, 142, 269, 318 *ff.*, 459
Veterans' organizations, *see* Interest groups
Virginia, 465, University of, 454
Vouchers, *see* Auditing

W

Wage formula, *see* Personnel administration, public, compensation
Wallace, Henry A, 189, 356
Walsh Healey Act, 581
Walter-Logan bill, 218 *n.* 6, 528 *ff.*
War, Assets Administration, 269, Department, 42, 82, 126, 128, 132, 142, 180, 186, 241, 249, 269, 289 *ff.*, 345, 346, 372, 419, 454 *ff* 460, 475, 476, 532, 564, 581, *see also* Army Service Forces, Army Corps of Engineers Finance Corporation, 241, Food Administration, 128, 222, 321 *ff.*, 350, 454, Manpower Commission, 191, 194 *ff.*, 222, 289, 337, 357, 424 *ff.*, 568; powers of the President, 101, Powers Acts, 176, 190 *ff.*, Production Board, 79, 128, 191, 194 *ff.*, 215, 217, 222, 261, 274, 280, 289, 321 *ff.*, 372, 454, 575, Shipping Administration, 86, 526
Warrants *see* Auditing
Warren, Governor, 168
Washington, D C, 572
Washington George, 12, 21, 166, 521
Wayne University, 40, 569
Weimar Constitution, 494
Welfare, *see* Relief, state *see* Service state
Western Electric studies, 45 *ff*
Whigs, 22
White, Leonard D, 40, cited, 100, 189, 473
Whittlesey, Elisha, cited, 611
Wilcox, Francis O, cited, 366 *n* 1
Williams, Aubrey, 355 *ff*
Willoughby, William F, cited, 145
Wilmerding, Lucius, Jr, cited, 601, 614
Wilson, Woodrow, 23, 25, 30, 53, 167, 195, 224, 613
Winnetka, Ill, 185 *ff*
Wisconsin, 29, University of, 30
Women's, Bureau, 318 *ff*, Christian Temperance Union, *see* Interest groups, organizations, *see* Interest groups
Wolcott, Leon O, 44
Woolton, Lord, 101, 337 *ff.*
Work-distribution chart, *see* Surveys, administrative
Workload, *see* Work measurement

Work, measurement, 471 *ff.*, 583: simplification, 313, 395 *ff.*, 432 *ff.*, 475 *ff.*; legal limits, 581; Projects Administration, 148, 280 *ff.*, 289
Works Progress Administration, 143, 271 *n.* 13, 276, 279, 335, 580; *see also* Work Projects Administration
Wyatt, Mayor, 169

Y

Yakus case, 536 *n.* 25
Young, Owen D., 168
Youth Administration, National, 355