

The Federal Bureaucracy

I. THE BUREAUCRACY

A. KEY DEFINITIONS AND FACTS

1. A bureaucracy is a large, complex organization of appointed officials.
2. The federal bureaucracy includes all of the agencies, people, and procedures through which the federal government operates.
 - ▶ *There are approximately 2.7 million civilian and 1.4 million military federal government employees.*
 - ▶ *Half of all the civilian federal employees work for the Department of Defense and an additional 28 percent work for the Postal Service.*

B. KEY FEATURES OF A BUREAUCRACY

1. Hierarchical authority—a chain of command in which authority follows from the top down.
2. Job specialization—each employee has defined duties and responsibilities.
3. Formal rules—all employees must follow established procedures and regulations.

II. THE GROWTH OF THE FEDERAL BUREAUCRACY

A. THE SPOILS SYSTEM

1. The federal bureaucracy was originally drawn from an elite group of upper-class white males.

2. Proclaiming "to the victor belong the spoils," Andrew Jackson awarded federal posts to party loyalists.

B. THE CIVIL SERVICE

1. The Pendleton Act (1883) created the federal civil service. In a civil service system, workers are selected according to merit, not party loyalty.
2. The Office of Personnel Management (OPM)
 - ▶ *Administers civil service laws and regulations.*
 - ▶ *Is in charge of hiring for most federal agencies.*

C. FEDERAL AND STATE EMPLOYEES

1. Federal government employees currently account for 3 percent of all civilian jobs.
2. The number of federal government employees has remained constant since 1950.
3. The number of state and local government employees has steadily increased since 1950.
4. Block grants have contributed to the widening gap between the number of federal and state employees by shifting resources from the federal government to state and local governments.
5. Federal mandates have also shifted more responsibility to states, causing an increase in the number of their public employees.

III. THE FEDERAL BUREAUCRACY: ORGANIZATION AND KEY FUNCTIONS

A. THE CABINET DEPARTMENTS

1. There are 15 cabinet departments. With the exception of the Department of Justice (headed by the attorney general), each department is headed by a secretary.
2. All 15 heads are chosen by the president and approved by the Senate.
3. The Treasury Department has authority over the printing of currency.

4. Cabinet secretaries often develop a strong loyalty to their departments. As a result, cabinet members are often not close presidential advisors.

B. THE INDEPENDENT REGULATORY AGENCIES

1. Created to protect the public by regulating key sectors of the economy.
2. The Interstate Commerce Commission (ICC), Securities and Exchange Commission (SEC), National Labor Relations Board (NLRB), and the Federal Reserve Board (FRB) are among the best-known independent regulatory agencies.
3. The independent regulatory agencies are led by small commissions appointed by the president and confirmed by the Senate. Note that the commissioners cannot be removed by the president during their terms of office.
4. The Federal Reserve Board
 - ▶ *The Federal Reserve Board's primary responsibility is to set monetary policy.*
 - ▶ *Monetary policy includes setting bank interest rates, controlling inflation, regulating the money supply, and adjusting bank reserve requirements.*
 - ▶ *The Federal Reserve Board has great independence. This freedom removes monetary policy from politics. As a result, the Federal Reserve Board is usually able to use its economic expertise to develop monetary policies without undue interference from political parties and interest groups.*



Be sure you know the difference between monetary policy and fiscal policy. Monetary policy refers to the money supply and interest rates. The Federal Reserve Board has the primary responsibility for monetary policy. Fiscal policy refers to taxing and spending policies. Both the executive and legislative branches share responsibility for fiscal policies.

C. THE GOVERNMENT CORPORATIONS

1. Government corporations provide a service that could be provided by the private sector.

2. The Corporation for Public Broadcasting, the Tennessee Valley Authority, Amtrak, and the U.S. Postal Service are the best known government corporations.

D. INDEPENDENT EXECUTIVE AGENCIES

1. The independent executive agencies include most of the non-cabinet departments.
2. The National Aeronautics and Space Administration (NASA), the National Science Foundation (NSF), the Environmental Protection Agency (EPA), and the Government Services Administration (GSA) are the best known independent executive agencies.

IV. IMPLEMENTATION AND REGULATION

A. IMPLEMENTATION

1. Implementation is the translation of policy goals into rules and standard operating procedures.
2. Implementation can break down for a number of reasons, including conflicting goals, a faulty program design, a lack of financial resources, and the fragmentation of responsibilities. For example, prior to the formation of the Office of Homeland Security in 2001, forty-six federal agencies were involved in counterterrorism efforts.
3. Congress usually provides federal agencies with general mandates. As a result, the agencies often have administrative discretion to set specific guidelines for a given problem or situation.

B. REGULATION

1. Regulation is the use of governmental authority to control or change practices in the private sector.
2. The Supreme Court first upheld the right of government to regulate businesses in *Munn v. Illinois* (1877).
3. During the administrations of presidents Reagan and George W. Bush, the federal government deregulated or lifted a

number of restrictions on business. For example, in 1984, Congress disbanded the Civil Aeronautics Board (CAB).

V. THE PRESIDENT AND THE BUREAUCRACY

A. APPOINTMENTS

1. Presidents have the power to appoint senior agency heads and subheads. This enables the president to exercise influence over an agency.
2. The president's power is limited. The Senate has the power to approve the president's appointments. In addition, agency heads often develop a strong loyalty to their departments and thus do not aggressively pursue a president's policy agenda.

B. EXECUTIVE ORDERS

1. An executive order is a directive, order, or regulation issued by the president.
2. Executive orders are based on constitutional or statutory authority and have the force of law.

C. ECONOMIC POWERS

1. The president may use the Office of Management and Budget to cut or add to an agency's budget.
2. It is important to remember that Congress has the sole power to appropriate funds to an agency.

VI. CONGRESS AND THE BUREAUCRACY

A. DIVIDED AUTHORITY

1. The United States has a system of divided supervision in which both the president and Congress exercise authority over the federal bureaucracy.
2. The system of divided supervision creates checks and balances while at the same time often encouraging agencies to play one branch of government against the other.

B. OVERSIGHT

1. Congress has the responsibility to exercise legislative oversight over the federal bureaucracy.
2. Congress uses the following methods to oversee the federal bureaucracy:
 - ▶ *Exercising budgetary control by setting aside funds for each agency.*
 - ▶ *Holding hearings and conducting investigations.*
 - ▶ *Reorganizing an agency.*
 - ▶ *Setting new guidelines for an agency.*
 - ▶ *Spreading out responsibilities in order to prevent any one agency from becoming too powerful.*

VII. INTEREST GROUPS AND THE BUREAUCRACY

A. IRON TRIANGLES

1. An iron triangle is an alliance among an administrative agency, an interest group, and a congressional committee. Each member of the iron triangle provides key services, information, or policy for the others.
2. Iron triangles are so pervasive and powerful that they are often called subgovernments.

B. ISSUE NETWORKS

1. An issue network includes policy experts, media pundits, congressional staffs, and interest groups who regularly debate an issue.
2. The president often fills agency positions with people from an issue network who support his or her views.



Be sure that you know the difference between an iron triangle and an issue network. An iron triangle has three interlocking points—an administrative agency, an interest group, and a congressional committee. An issue network consists of a wide range of people who debate major public policies.