

Political Science 17.20

Introduction to American Politics

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The Bureaucracy

Lecture 9 (March 7, 2013)

- 1 The Bureaucracy: Function and Development
- 2 Agency Models of the Bureaucracy
- 3 Beyond Agency: Bureaucrats as Political Actors

1 The Bureaucracy: Function and Development

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Why a Bureaucracy?

Bureaucracy: Units of the **executive** branch in charge of **implementing** policy.

- Cabinet departments > agencies
Ex.: Homeland Security > U.S. Customs & Border Protection
- Independent agencies (e.g., NASA)
- Independent commissions (e.g., FDA, NLRB, SEC)
- Government corporations (e.g., U.S. Postal Service)

Bureaucracy exists not only to **enforce** the law (e.g., FBI arresting drug kingpin) but also to **fill in the details** left unspecified by legislation. It is part of the **political** process.

Development of the Bureaucracy in the U.S.

Eras in U.S. Bureaucracy:

- 1 First Congress (1789–90) creates cabinet departments
- 2 Early Republic (1789–1829): bureaucracy of gentlemen
- 3 Spoils System (1829–1870s): partisan patronage
- 4 Merit + Politics (1870s–present): mix of (unionized) career civil servants and appointees of varying independence

Bureaucracy and the Financial Crisis

- U.S. Securities and Exchange Commission (**SEC**) created after 1929 stock market crash to regulate financial markets (prohibit fraud, insider trading, etc.)
- Post-1970: Deregulation, growing financial complexity
- 2008 Financial Crisis
 - Trouble Assets Relief Program (**TARP**) bailout of Wall Street
 - Wall Street Reform and Consumer Protection Act (**Dodd-Frank**) created several new agencies and enhanced the authority of existing agencies (passed narrowly)
 - Dodd-Frank, though long and complicated, **delegated the details** of new rules to agencies (required studies, reports)
 - Post-passage **lobbying** by financial industry
 - Insufficient **expertise**?

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Agency Models

- **Principal–agent relationship:** A **principal** delegates authority to an **agent** to act on her behalf
 - Stockholder–CEO
 - Citizen–legislator
 - Congress–committee
- **Problem:** Agents do not want what principals want
→ **Agency loss** (lazy, incompetent, policy divergence)
- **Solutions:** (a) Select “good **types**”; (b) **incentives**
- Bureaucratic agents are delegated authority to implement the law, but they have multiple principals (Congress, president, voters, interest groups).

Factors Influencing Terms of Delegation

Policy Uncertainty

- Complex, unpredictable → discretion to expert bureaucrat
- Experts (e.g., EPA scientists) may want different policies

Political Uncertainty

- Who has power today might not have power tomorrow
→ Entrench policy in bureaucracy (auto-pilot)

Political Compromise

- Pivotal voter may not want very effective policy (e.g., Republicans on employment discrimination in 1960s)

Mechanisms of Control

Type vs. incentives:

- **Type:** Appoint professionals with similar policy goals to long terms (e.g., Federal Reserve)
- **Incentives:** Tie tenure, budgets to performance

Monitoring:

- **Police patrols:** require reports, investigate, hold hearings
- **Fire alarms:** require notification, public meetings, etc. so that allied groups and citizens can “pull fire alarm”

President:

- Judicious use of political appointees
- Can't fire civil servants, but can make life miserable

Outline

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Bureaucratic Autonomy

- Bureaucrats are political actors in their own right—can create their own political alliances with interest groups, committees, etc.
- This can give bureaucrats substantial **autonomy** from the elected branches (e.g., J. Edgar Hoover at FBI)
- Even political allies of president can be problematic (e.g., Department of Education under Reagan)

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