CHAPTER THREE

The Politics of Illusion

ONLY THREE YEARS after Republicans swept control of Congress in 1994 and barely two after Bill Clinton declared the era of big government was still alive and well. The Economist and American Enterprise both featured cover stories on the death of downsizing, the former under the title “The Visible Hand: Big Government Is Still in Charge,” and the latter under the title “What Ever Happened to Downsizing Government?”

Neither magazine questioned the declining number of federal civil servants, but neither used that number in measuring the true size of government, either. The reliably conservative Economist used gross domestic product, for example, in arguing that big government was still in charge across the globe. Despite years of promised spending cuts, most government spending, at least as measured in gross domestic product, had gone up. And even where it had gone down, as in Sweden and Britain, even the deepest of cuts produced only modest reductions. Twenty years of unrelenting budget cutting in Britain drove government spending all the way down from 43 percent of gross domestic product to 42 percent. “Sickened in the end by this remorseless brutality,” wrote the Economist, “the British electorate earlier this year swept Labour back into power with a landslide majority.”

In contrast, the American Enterprise used the increased dependency of American citizens on federal funding as its measure. “Remember 1994?” asked editor in chief, Karl Zinsmeister, as he introduced the issue. “It seems like another world now…. It is somewhere between amusing and nauseating to note that under Republican leadership the House of Representatives Public Works Committee (Pork Barrel Central for highway projects, dams, etc.) has ballooned to a record membership of 73 congressmen. Seventy-three! Ideal for clipped debate and crisp decision-making, I guess.” By 1997 fully 40 percent of Americans were net recipients of government aid, he added. “That is to say, they suck more dollars out of the dish than they put in. Many of these people have the same relationship to our lords in Washington and other seats of government that a household pet has to its keeper.” Over the next couple of decades, the magazine predicted, half of American would be net recipients.

How one measures the true size of government depends on where one sits. There is no doubt that the two magazines chose their measures to emphasize the growth of government. The numbers were not inaccurate per se, just not the only numbers available. Just as one can criticize Bill Clinton for declaring the era of big government over on the basis of civil service head counts, one can also criticize the Economist and American Enterprise analysts for declaring the era still alive by using gross domestic product or dependency ratios.

The two magazines were not the only ones to question the illusion of smallness, however. Governing entered the era-of-big-government debate in 1998 in studiously nonpartisan fashion with a detailed assessment of state and local head count. After noting that nothing seemed more certain in the wake of the 1994 Republican sweep than a wholesale downsizing of state government, Governing concluded that just the opposite had occurred, even in states headed by tough-talking Republican governors such as Michigan’s John Engler and Texas’s George Bush Jr. “In the mid-1990s, as the words ‘freeze,’ ‘shrink,’ ‘cap’ and ‘cut’ have become staples of the executive lexicon,” wrote Governing reporter Jonathan Walters, “state government employment has continued to go up almost everywhere. Nationally, in the years from 1990 to 1996, it increased by 5 percent.” Local government employment went up, too, rising 11 percent. “All told, between 1990 and 1996, state and local government accounted for more than one-seventh of all the new jobs in the U.S. non-farm economy.”

But for the shrinking of civil service employment, most of the promised cuts never took place. One can easily argue that the shadow of government includes a significant number of workers who would have been federal civil servants in the absence of head count constraints. If Washington could not cut its budget or reduce its mission, it most certainly could reduce its
full-time-permanent head count, driving those jobs into service contracts, grants, and mandates, while creating a government that looks smaller but delivers at least as much.

This chapter will examine the political economy of smallness. Presidents have come to prefer the shadow of government because it appears to strengthen their control over government against an increasingly reform-minded Congress; Congress, because it provides an essential source of ongoing campaign support and incumbency advantage; Democrats, because it provides a defense against their image as the party of big government; and Republicans, because it strengthens their base of business support. Even civil servants have incentives to favor the shadow, whether because it may increase public confidence or because it raises their performance appraisal ratings. Having a government that looks smaller but delivers at least as much also appears to increase incumbency advantages, whether that incumbent happens to be a Democrat or Republican, president or mayor. As the following pages will argue, keeping government looking small is the work force policy that satisfies almost every political preference. It is also the policy that caters to the public’s core ambivalence about the size of government, which is the underlying currency that supports the political economy of shadow casting.

The Market for Smallness

The political economy of shadow casting starts with a simple conclusion: there would be no illusion of smallness if the American public were willing to accept a federal work force that is big enough to cover the government’s mission. The fact is that Americans want at least as much, if not more, of virtually everything the federal government delivers, but they also believe that just about everything the federal government delivers is wasteful and inefficient. The vast majority of Americans want a high or very high priority given to almost anything the federal government runs, but they also believe that anything run by the federal government is doomed to create more problems than it solves. Before asking how the contradiction produces support for the illusion of smallness, however, it is first useful to understand the two sides of the contradiction.

A Government that Delivers at Least as Much

The first half of the contradiction is clearly revealed in a 1997 survey by The Pew Research Center for The People & The Press. If the sample of 1,762 respondents is representative, a significant majority of Americans wants the federal government to continue delivering at least as much as it ever has. Three-quarters of the Pew respondents said the federal government should be primarily responsible for ensuring that food and medicines are safe, two-thirds for managing the economy to prevent another recession or depression, three-fifths for ensuring that every American has access to affordable health care, and just over half for conserving the country’s natural resources. Although some of the expectations have shrunk since the early 1960s when four out of five wanted the federal government to manage the economy, Pew Research Center director Andrew Kohut had ample reason to emphasize the stability in public support for what conservatives would label the era of big government.4

Moreover, Americans are mostly favorable toward both government employees and the agencies that deliver the goods. Roughly 70 percent of the Pew sample voiced a favorable opinion of government workers in general, a number that was up 15 points from 1981. When asked who they trusted more to do the right thing, politicians who lead the federal government or the civil service employees who run departments and agencies, the civil servants won hands down, by a margin of nearly five to one.

The Pew respondents also felt favorable toward most federal departments and agencies. The U.S. Postal Service topped the favorable ratings at 89 percent, prompting the postmaster general to run nationwide ads in late spring 1998 congratulating his work force on its performance, with the Park Service second at 85 percent, the Centers for Disease Control third at 79 percent, the Defense Department fourth at 76 percent, and the Food and Drug Administration fifth at 75 percent. Compared to ratings taken at the height of the Reagan war on waste in 1987, all but five of the nineteen agencies rated by Pew moved up, with the Defense Department being the biggest gainer of all, rising 19 points in the wake of its Gulf War victory.

Not only are Americans reasonably favorable toward their frontline departments, but they also are mostly confident that government can handle significant problems. A total of 60 percent of the Pew sample had a great deal or fair amount of confidence in the federal government’s ability to handle domestic problems, up from 51 percent at the height of the Watergate crisis, while three-quarters had similar levels of confidence in the federal government’s ability to handle international affairs, up only slightly from the mid 1970s. Confidence was up at the state and local level, too, where Americans were more confident in 1997 than they had been in twenty-five years. According to the Pew survey, 78 percent of Americans had a great deal or fair amount of trust and confidence in their local government to handle
problems, a gain of 15 percent from 1972. State government did slightly
better, with 81 percent of Americans having a great deal or fair amount of
trust and confidence in 1997, up from 63 percent in 1972. The numbers
confirm the longstanding notion that Americans are more trusting toward
the governments they know, meaning the ones closest to home.

Overall, the numbers certainly help explain why most Americans want
government to continue delivering goods and services on their behalf. In-
deed, the nation remains remarkably steady in its view toward government
power and activism, barely moving from its positions of nearly thirty years
ago. Two-thirds of those polled by the Pew said that the federal government
either had about the right amount of power for meeting today’s needs or
should use its powers even more vigorously to promote the well-being of all
people. It is a division of opinion that has remained virtually unchanged
since George Gallup first asked the question in 1964.

A Government that Looks Smaller

Americans may still support a mostly activist federal government, but they
have serious doubts about how that government performs. They may love
their bureaucrats and agencies, but they do not give government much credit
for success. Asked how well the federal government is running its programs,
only a quarter of the Pew respondents answered excellent or good, half said
only fair, and a fifth said poor. Asked whether criticism of government was
justified, three-fifths said yes. And asked whether something run by the gov-
ernment is bound to be wasteful and inefficient, two-thirds said yes, a num-
ber that has remained roughly constant since the Pew Research Center began
asking the question in 1987 (the high was 69 percent in 1992, the low 63
percent in 1987). All in all, it was not a particularly enthusiastic portrait.

More troubling perhaps, the Pew respondents were mostly under-
whelmed with the federal government’s actual performance in delivering
public value. Asked to rate the federal government’s success on eight policy
issues, they gave only one, ensuring that food and medicines are safe, an
“excellent/good” endorsement. The other seven fell well short, with reduc-
ing poverty and juvenile delinquency each earning less than 15 percent of
an “excellent/good” rating.

These performance ratings are particularly interesting when laid side
by side with the favorability ratings of federal departments and agencies.
Thus 75 percent of the Pew sample gave the Food and Drug Administration
favorable marks, but only 58 percent said the federal government is doing
an excellent or good job of ensuring that food and medicines are safe; 69
percent gave the Environmental Protection Agency favorable marks, but only
34 percent said the federal government is doing an excellent or good job of
conserving the country’s natural resources; 62 percent gave the Social Secu-
ritу Administration favorable marks, but only 26 percent said the federal
government is doing an excellent or good job of providing a decent stan-
dard of living for the elderly.

The greatest favorability gap involved the Department of Education,
which earned a 61 percent favorability rating as an organization, but earned
only a 23 percent rating as an implementor on setting academic standards
and an 18 percent rating on ensuring that all Americans can afford to send
their children to college. Although the department is hardly solely respon-
sible for either issue, the gap suggests a disconnection between how respon-
dents rate favorability and how they rate performance, a disconnection that
may reflect a host of intervening factors such as perceived tax burden.

When pressed to explain the poor performance on each of the eight
policy issues, roughly half of the Pew respondents blamed the government
while the other half said the given issue was just too difficult or too compli-
cated to solve. There were only three areas where Americans said good per-
formance was beyond the government’s reach: ensuring an affordable college
education, reducing juvenile delinquency, and reducing poverty. Juvenile
delinquency was seen as the most difficult issue of all. Although only 11
percent of the Pew respondents said government was doing an excellent or
good job on the issue, almost 70 percent of the critics said the issue was
simply too difficult to solve. Where Americans place the blame depends
in large part on how they rate the performance. “Americans who are mildly
critical of government performance are more likely than others to fault the
difficulty of the issues the government faces,” Kohut argues. “Americans who
are very critical of government performance are more likely to fault govern-
ment itself.”

Alongside these general doubts about government performance, Ameri-
cans also believe that government at all levels has the wrong priorities. Three-
quar ters of the Pew sample said the government should give high priority to
ensuring access to affordable health care, for example, but only 15 percent
said government had actually done so; 72 percent said the government should
give high priority to providing the elderly a decent standard of living, but
only 17 percent said government had done so; and 76 percent said the gov-
ernment should give high priority to conserving natural resources, but only
24 said the government had done so. This gap between the hoped-for prior-
ity and reality existed on all eight of the issues raised in the Pew survey, and it ranged from 60 percent (affordable health care) to 39 percent (ensuring everyone can afford college). Not surprisingly, the larger the perceived gap, the less an individual trusts government to do the right thing.

It is performance, not the priority gap, that has the most effect on public trust in government. Statistically, ratings of performance are almost seven times as powerful in explaining the distrust than dissatisfaction with government’s priorities. Americans can disagree on the priorities, it seems, but not on the need for government to perform well on whatever priorities it sets. Performance does count. Given the relatively low ratings of performance discussed above, it is not surprising that confidence in Washington’s ability to do the right thing all or most of the time was just 39 percent in 1997, up ever so slightly from a modern low of just 21 percent in 1994, but far below the modern high of 76 percent in 1964. If this is as good as confidence gets at the end of five years of unrelenting attention to reinventing government, perhaps Congress and the president are right to worry about how to convince the public that government can do good. Moreover, even the modest gains were gone after a year of unrelenting attention to stories of scandal and impeachment. By November 1998 the number of Americans who trusted Washington to do the right thing had fallen from 39 percent to 26 percent.6

The Core Constituents of Reinventing Government

The question is how the general contradiction described above might create a market for illusions. A first answer is that the positives tend to tone down the public’s demand for radical reform. Americans may think government is bound to be inefficient and wasteful, but they do not think it needs much more than a tweak or two to work much better. Asked how much reform is enough, only 37 percent of the Pew sample said the federal government needs major reform, while 58 percent said the federal government is basically sound and needs only some reform. Granted, only 4 percent said the federal government does not need much change at all, but most prefer a more cautious course.

A second answer is that Americans are just as reluctant to hurt people as are Congresses and presidents. Asked what kind of reform might make them trust government again, most Americans recommend changing how government works, not who works there. Asked for their ideas on making
government work in 1995, only 8 percent of Americans said government should change who the bureaucrats are, 29 percent said government should change how the bureaucrats work, and 27 percent said elected officials should change how they conduct themselves.7 Moreover, according to the Pew 1997 survey, the vast majority of Americans think government is a good place to work. Although fewer than a quarter of the Pew respondents preferred government to the private sector as an employer, they are mostly positive about their bureaucrats.

The market for shadow government appears to reside, therefore, in the intersection between public demands for more of what government delivers, continued doubts about what government can actually deliver, and the general reluctance to undertake radical reform of any kind. Americans ask their government to do the impossible, as Charles Goodsell puts it, giving it “inconsistent, contradictory, and hence unachievable goals and tasks,” demanding that it “achieve results indirectly, through the efforts of others,” evaluating it “not by how much it tries to move ahead on an impossible front but whether or not ‘success’ is achieved,” and “both overselling and underselling what it can do.”8 Under great pressure to deliver the goods without bulking up, government has little choice but to create shadows.

Not all Americans favor the shadow course, however. Indeed, the Pew survey suggests that there are at least four different philosophies of government reform. These four types are produced when two key questions from the survey are combined into a single measure. The first question asked respondents to place themselves on a six-point scale of government activism, the number one representing “someone who generally believes that, on the whole, federal government programs should be cut back greatly to reduce the power of government,” and the number six representing “someone who feels that federal government programs should be maintained to deal with important problems.” The second question asked respondents what they personally felt was the bigger problem with government: “Government has the wrong priorities, OR government has the right priorities but runs programs inefficiently?” After collapsing the first question into two categories, antigovernment (numbers one through three on the six-point scale) and progovernment (numbers four through six), respondents can be divided into four cells: (1) devolvers (antigovernment and wrong priorities), (2) realigners (progovernment and wrong priorities), (3) downizers (antigovernment and right priorities, but inefficiency), and (4) reinventors (progovernment and right priorities, but inefficiency).9 Table 3-1 shows the resulting combination.
Table 3-1. Where the Public Stands on Reform

<table>
<thead>
<tr>
<th>Government reform philosophy</th>
<th>Bigger problem with government*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Has the</td>
</tr>
<tr>
<td></td>
<td>wrong priorities</td>
</tr>
<tr>
<td>Cut federal programs to greatly reduce government power</td>
<td>Devolvers</td>
</tr>
<tr>
<td>(1–3 on 6-point scale)</td>
<td>16</td>
</tr>
<tr>
<td>Maintain federal programs to deal with important issues</td>
<td>Realigners</td>
</tr>
<tr>
<td>(4–6 on 6-point scale)</td>
<td>14</td>
</tr>
</tbody>
</table>


a. Percent of total respondents who occupy given cell; 9 percent of the total was in the don't know/not ascertained categories.

As the table shows, the number of Americans who might be moved by promises of a government that looks smaller and delivers at least as much is remarkably large. Four out of ten Pew respondents simultaneously expressed a demand for maintaining government programs to deal with important problems and believed the bigger problem with government was not the wrong priorities, but inefficiency. Although these reinventors would most certainly respond to the "works better and costs less" message of Vice President Gore's first reinventing government report, they would oppose any reduction in the core programs of government. They also would have been the first to criticize the back-to-back 1995 government shutdowns. Unlike the devolvers, who would have seen the shutdowns as a way to get government off their backs, if only for a moment, the reinventors would have seen peril in any effort to undermine essential services.

The devolvers and reinventors clearly define two archetypes of how best to reform government.10 Devolvers would find comfort in the Economist and American Enterprise analysis of the true size of government, while reinventors would resonate to the illusion of smallness presented in federal head count policy. As the data presented in appendix B suggest, the two draw on similar demographic constituencies. Although there was a notable gender gap between devolvers (58 percent of whom were men, 42 percent women) and reinventors (42 percent of whom were men, 58 percent women), there was little variation between the two in race, region, and employment status.

It is on more traditional political attitudes where devolvers and reinventors draw on very different constituencies, creating two distinct packages of views toward government. The differences start with party identification, where devolvers were significantly more likely to identify themselves as Republicans, and reinventors significantly more likely to identify themselves as Democrats. This sorting is repeated when independents who lean one way or the other are assigned to their respective parties. As box 3-1 suggests, devolvers and reinventors formed the two ends of the continuum on a long list of issues, even as they shared a core confidence in state and local government.

Devolvers disliked almost everything about the federal government, from its bureaucracy to its leadership. They were the most likely of the Pew respondents to believe the federal government needs major reform, and they were clearly not willing to accept occasional downsizings as a sign of improvement. They were the most likely of the Pew respondents to know that federal employment had decreased under Clinton, but the most likely to have unfavorable views of most federal departments and agencies. Not surprisingly, therefore, devolvers were also the least likely by far of the four groups identified in table 3-1 to trust the government in Washington to do the right thing. Just 15 percent of devolvers said the federal government can be trusted just about always or most of the time, compared to 54 percent of reinventors.

Yet, even the devolvers wanted more of almost everything the federal government delivers. Granted, when asked how much the federal government should do about a list of eight policy issues, the devolvers were less likely than the reinventors to give a high or very high priority to all but two of the eight, the exceptions being a general agreement with the reinventors that the federal government should not give a particularly high priority to ensuring that Americans can afford to send their children to college and to reducing poverty. But when asked how much the federal government is doing about each of the eight, the devolvers systematically rated the actual priority as lower than their preferred priority. Subtract the actual from the preferred, and the devolvers wanted government to do more. Indeed, using this comparison of demand for the entire sample, it would be more accurate to describe the American public as wanting a government that looks smaller and delivers much more.

In contrast, reinventors liked almost everything about the federal government. They were far more confident in the federal government's ability
### Box 3-1. How Devolvers and Reinventors Divide

<table>
<thead>
<tr>
<th>Devolvers Are More Likely than All Other Groups to:</th>
<th>Reinventors Are More Likely than All Other Groups to:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feel frustrated about the federal government</td>
<td>Feel basically content about the federal government</td>
</tr>
<tr>
<td>Believe the federal government is only doing a fair or poor job</td>
<td>Believe the federal government is doing an excellent or good job</td>
</tr>
<tr>
<td>Believe the federal government needs very major reform</td>
<td>Believe the federal government is basically sound</td>
</tr>
<tr>
<td>Agree the federal government controls too much of our daily lives</td>
<td>Have confidence in the federal government's handling of domestic and international problems</td>
</tr>
<tr>
<td>Know that federal employment has declined</td>
<td>Have favorable opinions of most federal agencies, particularly the IRS and Department of Education</td>
</tr>
<tr>
<td>Lack confidence in the federal government's handling of domestic and international problems</td>
<td>Hold favorable opinions of elected federal officials, Congress, department and agencies, Bill Clinton, and government workers</td>
</tr>
<tr>
<td>Believe state and local government should have more responsibility</td>
<td>Disagree that anything run by the government is usually wasteful and inefficient</td>
</tr>
<tr>
<td>Have unfavorable views of any federal agency, most notably the EPA and IRS</td>
<td>Believe the federal government should do more on most policy issues</td>
</tr>
<tr>
<td>Have unfavorable views of elected federal officials, Congress, federal departments and agencies, Bill Clinton, and government workers</td>
<td>Believe the federal government is doing an excellent or good job on most policy issues</td>
</tr>
<tr>
<td>Believe that anything run by the government is usually wasteful and inefficient</td>
<td>Believe elected officials are trustworthy</td>
</tr>
<tr>
<td>Believe the federal government is doing a fair or poor job on most policy issues</td>
<td>Rate the ethical and moral practices of officials as excellent or good</td>
</tr>
<tr>
<td>Believe elected officials are not trustworthy</td>
<td>Forgive government for its performance problems</td>
</tr>
<tr>
<td>Rate the ethical and moral practices of officials as fair or poor</td>
<td>Believe the federal government should use its powers more vigorously</td>
</tr>
<tr>
<td>Blame government for its performance problems</td>
<td>Believe they are paying about the right amount in taxes</td>
</tr>
<tr>
<td>Say the federal government today has too much power</td>
<td>Have confidence in the wisdom of the American people</td>
</tr>
<tr>
<td>Believe they are paying more than their fair share in taxes</td>
<td>Think government is a good place to work</td>
</tr>
<tr>
<td>Want their son or daughter to go into politics</td>
<td></td>
</tr>
<tr>
<td>Think government is not a good place to work</td>
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</table>


Devolvers and Reinventors Are Almost Equally Likely to: Have a great deal or fair amount of confidence in state and local government; Be upset if someone claimed government benefits they were not entitled to or had not paid all the income taxes they owed; Care if someone had gotten out of jury duty; Have favorable opinions of the Postal Service and Social Security Administration, the military, and state and local government; Have favorable opinions of public employees, and state and local government officials; Mostly believe the federal government should do more of everything, most notably, ensuring that food and medicines are safe, and reducing juvenile delinquency and poverty; Trust civil service employees more than politicians to do the right thing; Believe that people will mistrust the government no matter what.

To handle international and domestic problems, more favorable toward individual departments and agencies, most notably the IRS. They were also more likely to see a federal role in almost all of the issues tested by Pew, with their top five being ensuring that food and medicines are safe (74 percent), managing the economy to prevent a recession (72 percent), ensuring that every American has access to affordable health care (65 percent), conserving the country's natural resources (56 percent), and providing a decent standard of living for the elderly (54 percent). They were also more confident toward Congress, elected officials, Bill Clinton, and government workers, and more forgiving toward government's performance problems. Little wonder, therefore, that reinventors were simultaneously the most contented and least angry of all Pew respondents toward government.

The question is why reinventors would favor any reforms at all. The answer can be found in their steady complaint about waste and inefficiency. Although reinventors disagreed with devolvers that the federal government needs major reform, only 7 percent said the federal government does not need much change at all. Over half also agreed that when something is run by the government, it is usually wasteful and inefficient. It would be a mistake, therefore, to assume that reinventors will meekly accept occasional reassurances that government is getting better absent more convincing evidence.
about eliminating waste, evidence that includes constraints on total civil service head count.

Despite their disagreements, doverlers and reinventors shared a set of common views of government. They were both likely to have confidence in state and local government, be angry at fellow citizens who cheat government, and trust civil service employees more than politicians to do the right thing. Both shared a high regard for the Postal Service, the Food and Drug Administration, and the military. As for the effect of word choice on public opinion, both groups were almost equally likely to have favorable opinions of public employees, even though doverlers were far less favorable when asked about government workers. Although overwhelming numbers in both groups said that government can become more efficient, one should not doubt the resistance among doverlers. Cutting civil service employment will never be enough to move them to greater confidence. They are true believers in a resorting of responsibilities and would have scoffed at Clinton’s assurances that the era of big government is over. Among the other three groups, however, a more modest reform agenda would clearly work. Congress and the president could easily build a significant public majority for imposing head count ceilings, hiring freezes on the one hand (looks smaller), while streamlining internal procedures and measuring performance on the other (deliver at least as much). In doing so, they would easily isolate the doverlers, who would have little recourse but to read the Economist and American Enterprise for solace.

The Core Leaders of Reinventing Government

Even if the public were to resolve its ambivalence in favor of deep cuts or vast expansions, Congress and the presidency would still face substantial institutional incentives for creating the illusion of smallness. As will be discussed shortly, the illusion of smallness allows Congress and the president to have their cake and eat it too. They can claim a shrinking government, even as they satisfy the demand for government goods and services.

Gore certainly understood that reinventing government was good politics when he accepted the reinventing government assignment in 1993. According to journalist Elizabeth Drew, Gore had been given the reinventing government issue in March as a “consolation prize” instead of the lead role on welfare reform. If Gore was disappointed by the outcome, he never showed it. He approached the National Performance Review with unprecedented fervor, collecting a staff of nearly a hundred federal managers to investigate every facet of federal management. “There are not going to be any sacred cows,” Gore said at the outset, “At the end of the month, we’ll have real results and real proposals to offer. Write it down. Check back with us.”

Six months later, the National Performance Review produced the first of what would become annual reports. Standing next to Clinton and backed by two forklifts piled high with government regulations, Gore said “Mr. President, if you want to know why government doesn’t work, look behind you.” Whatever the impact on Gore’s national standing, which grew with appearances on the Today show, Larry King Live, and Late Night with David Letterman, the event created a short-lived rise in public support for the administration’s health-care package. That is precisely why reinventing won the post-Labor Day time slot. The president’s pollster, Stanley Greenberg, had been warning all summer that the public had little sympathy for the kind of health care bureaucracy envisioned in the emerging plan. A frontal assault on wasteful government might just give the president a moment of forgiveness. As such, the reinventing release became a kind of inoculation against public skepticism. Although the health-care plan eventually succumbed to the antibureaucracy argument, reinventing government gave it a moment of hope in what was an extraordinarily hostile environment.

Reinventing government involved more than pure politics, however. Clinton and Gore shared a common concern about making government more effective. Both also shared an interest in restoring their party after twelve years of Republican tax-and-spend pounding. As the Wall Street Journal reported on the day of the release, “Much as it was easier for Republican President Nixon to overcome conservative opposition and go to China, an attempt to streamline government is more powerful coming from a Democrat, whose party generally likes government. President Clinton will be especially eager to push his plan to remake government as a way of offsetting the image that he is just an old-fashioned tax-and-spend democrat, an image some Republicans tried to pin on him during the summer budget debate.”

Nevertheless, as table 3-2 suggests, reinventing government fits with the prevailing view of government reform among the presidential appointees, senior civil servants, and members of Congress interviewed by the Pew Research Center in 1997, as well as among the public employees at all levels of government interviewed at roughly the same time. Devolution has even less support in the halls of Congress or executive branch than it does in the general public writ large. (Readers are cautioned that the sample of leaders interviewed by Pew had a higher percentage of refusals to answer the two questions that form the basis of the typology than of responses.)
Table 3-2. Where Government Officials Stand on Reform

<table>
<thead>
<tr>
<th>Government reform philosophy</th>
<th>Bigger problem with government</th>
<th>Has the right priorities, but runs programs inefficiently</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cut federal programs to greatly reduce government power (1–3 on 6-point scale)</td>
<td><strong>Devolvers</strong></td>
<td><strong>Downsizers</strong></td>
</tr>
<tr>
<td>All leaders</td>
<td>6</td>
<td>14</td>
</tr>
<tr>
<td>Only executive</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Only Congress</td>
<td>14</td>
<td>28</td>
</tr>
<tr>
<td>Public employees</td>
<td>13</td>
<td>21</td>
</tr>
<tr>
<td>Maintain federal programs to deal with important issues (4–6 on 6-point scale)</td>
<td><strong>Realizers</strong></td>
<td><strong>Reinventors</strong></td>
</tr>
<tr>
<td>All leaders</td>
<td>8</td>
<td>46</td>
</tr>
<tr>
<td>Only executive</td>
<td>13</td>
<td>50</td>
</tr>
<tr>
<td>Only Congress</td>
<td>4</td>
<td>31</td>
</tr>
<tr>
<td>Public employees</td>
<td>16</td>
<td>39</td>
</tr>
</tbody>
</table>


a. Percent of total respondents who occupy a given cell; figures do not include don't knows/not ascertained.
b. All leaders includes members of Congress, presidential appointees, and career members of the Senior Executive Service; "only executive" includes presidential appointees and career members of the Senior Executive Service.

It is impossible to know, of course, whether Congress and the president are leading or following public opinion on government reform.16 What is clear is that there is a remarkable coincidence of opinion between the governed and the government. Interestingly, however, all three sets of leaders interviewed underestimated the public's trust in government while overestimating the degree to which the public would say government could act to increase trust.

Whether more accurate readings on their part would change their general position on government reform is doubtful, for the illusion of smallness reflects institutional incentives that go deeper than short-term variations in public opinion. As the rest of the chapter will show, presidents, Congress, the political parties, and civil servants all have at least some incentive to promote a government that looks smaller and delivers at least as much.

**Presidential Incentives**

Ordinarily, presidents have good reason to keep every last person delivering services within government. To the extent shadows dilute their control, presidents must theoretically resist. "While legislators eagerly delegate their powers to administrative agencies, presidents are driven to take charge," writes Terry Moe in outlining his theory of public bureaucracy. "They do not care about all agencies equally, of course... But most agencies impinge in one way or another on larger presidential responsibilities—for the budget, for the economy, for national defense—and presidents must have the capacity to direct and constrain agency behavior in basic ways if these larger responsibilities are to be handled successfully."17

The desire for control is why presidents have long supported what organizational theorists call scientific management, which favors what Moe describes as the presidential ideal of "a rational, coherent, centrally directed bureaucracy that strongly resembles popular textbook notions of what an effective bureaucracy, public or private, ought to look like."18 Given its focus on the president as the one true master of government, as Luther Gulick once described the chief executive, it is not surprising that scientific management would be the tide of reform most likely to emanate from the White House.

The desire for control is also why presidents have long resisted efforts to cut the number of political appointees. They simply believe in leadership by layering. Whether Democrat or Republican, they adamantly defend the penetration of political appointees ever deeper into the executive hierarchy. To paraphrase Senator Daniel Patrick Moynihan (D-N.Y.), they have defined leadership downward. The result has been a steady thickening of government. More layers of leaders, more leaders at each layer. Occurring under head count pressure, the thickening gives agencies cause to cast shadows. Given a choice between expanding the middle- and senior-level hierarchy or casting a shadow, however, presidents and their lieutenants will pick the former. It is in their political and institutional self-interest to do so.

Finally, the desire for control is why presidents resisted the head count pressure for as long as they did. As the next chapter will clearly demonstrate,
Congress, not the president, was the source of most head count ceilings and hiring freezes during the 1950s and 1960s. Presidents resisted and Congress insisted.

Ordinarily, therefore, we would expect presidents to fight any efforts to flatten the hierarchy, decentralize control, and impose head counts. Such resistance fits perfectly with the prevailing incentives described by Moe’s theory of public bureaucracy. “Governance is the driving force behind the modern presidency,” Moe writes. “All presidents, regardless of party, are expected to govern effectively and are held responsible for taking action on virtually the full range of problems facing society. To be judged successful in the eyes of history—arguably the single most important motivator for presidents—they must appear to be strong leaders, active and in charge.” They must have organizations that appear to work.19

These are not ordinary times, however. Recent presidents have done all of the above: they have fought at least two battles of the bulge (Reagan and Clinton), pushed for decentralization (Nixon and Clinton), and become steadfast advocates of reducing overall head count (Nixon, Carter, Reagan, and Clinton). Even when they have abandoned head count as a budget-making tool, as the Clinton administration did in the mid 1990s, they have only done so because they knew that departments and agencies did not have the money to hire the employees to threaten the head count ceilings they had established. But for their continued support for politicization, which may be weak evidence of affection for centralization, they have behaved as if they are adversaries of the very organizations they lead.

Congress Now Proposes

The question is what might lead presidents to favor organizational structures that are contrary to their hypothetical self-interest. The answer may be that Congress, not the presidency, has become the central force in government reform. At least as far as statutory efforts go, Congress now proposes and the president disposes.

My own research on past reform efforts reveals Watergate was the unmistakable turning point.20 Congress authored ten of the thirteen management reforms passed in 1974, including the Congressional Budget and Impoundment Control Act, marking a successful resurgence after nearly a half century of decline. As James Sundquist argues, the resurgence involved more than just the power of the purse. “It was not enough for the Congress to reclaim powers that had been allowed to drift away or had been usurped.

The Congress felt impelled, also, to move in whatever ways it could to assert tighter control over the executive branch in the exercise of the still vast authority that the executive of necessity retained.”21

Congress hardly needed to learn how to legislate on government management, however. It had already established itself as a steady source of war on waste and of watchful-eye reforms. All it needed to do was add the scientific management and liberation management philosophies to its agenda, which is exactly what it did. From 1945 to 1974 presidents accounted for three-quarters of all management reforms enacted into law, drawing heavily on scientific management for their legislative inspiration. From 1974 to 1995, however, Congress became the dominant source of reforms, accounting for three-quarters of all reform ideas in the wake of Watergate. Adding in the eleven statutes passed in the 1993–96 period, Congress accounted for seventy of the ninety-three reforms enacted since Nixon’s resignation.22

The trends actually accelerated after Reagan entered office. Of the sixty management reforms enacted since 1981, fifty originated in Congress, including a host of reforms more traditionally associated with presidential control. It was Congress, not the president, that authored the 1990 Chief Financial Officers Act, which created chief financial officers across government and mandated annual financial statements for every department and agency. It was Congress, not the president, that authored the 1993 Government Performance and Results Act, which established an entirely new binding process for holding individual departments and agencies to a government-wide process. And it was Congress, not the president, that authored the 1996 Information Technology Management Reform Act, also called the Clinger-Cohen act in honor of its House and Senate cosponsors, which established chief information officers across government and imposed a new process for integrated information planning.

Fifty years ago these statutes would have almost certainly come from the president—indeed, post–World War II commissions headed by Herbert Hoover recommended elements of all three. Today Congress is the author in what is becoming a presidential spectator sport.

The consequences of the growing congressional involvement are clear. Making government work has become a distrustful business, focusing on procedural compliance with tightly written statutes. “No longer willing to defer to the president or blue-ribbon commissions,” I have argued, “Congress opened its own legislative assembly line. It is not clear that Congress will ever go back, particularly given the persistent levels of public distrust, or that the presidency is equipped to stake a claim to its once singular lead-
ership of government reform." Whether for good or ill, Congress has built its own vision of the ideal bureaucracy, building what Moe describes as "the kind of bureaucracy interest groups incrementally demand in their structural battles. This 'congressional bureaucracy' is not supposed to function as a coherent whole. Only the pieces are important. That is the way groups want it." 

Presidents still pursue reform from time to time, of course, just not with the traditional elements of rational, centralized scientific management. Liberating government from the rules has become the president's preferred reform, represented by the 1994 Acquisition Streamlining Act. The act produced a sharp reduction in procurement paperwork, while raising the threshold for simplified procurement from $25,000 to $100,000 and encouraging departments and agencies to become smarter buyers of goods and services. But for occasional congressional forays into the tide, scientific management has been out of fashion for the better part of two decades. My research suggests that scientific management had mostly played out in the 1940s and 1950s with the two Hoover commissions. The days of department and agency building are now over, as are the days of tight central control.

As Congress has become more dominant in shaping government reform, presidents have struggled to regain a semblance of control. But for occasional looks back at scientific management, the latest example being Gore's endorsement of chief operating officers in 1993, presidents have been led away from scientific management and toward a new set of tactics. Their strategic advantage today lies with informal networks and exhortative demands that render statutes less important for shaping organizational structure. If they cannot subvert compliance, they can most certainly give departments and agencies the permission to "satisfice" the law, as Richard Cyert and James March would put it, by creating a largely unregulated universe of highly informal reinventing activities and laboratories.

If not quite adversaries of the agencies they oversee, presidents are no longer quite allies, either. To win control of government, presidents must dismantle the very control structures that have served them so well over the years, even if that means pushing work outward and downward, while embracing the head count ceilings of the war on waste. In short, they must adopt a new set of tactics that weaken congressional control largely through deregulation, decentralization, and, where necessary, shadow casting.

Thus Gore has argued strenuously against the very systems that once assured presidential responsiveness: "In Washington's highly politicized world, the greatest risk is not that a program will perform poorly, but that a scandal will erupt. Scandals are front-page news, while routine failure is ignored. Hence control system after control system is piled up to minimize the risk of scandal. The budget system, the personnel rules, the procurement process, the inspectors general—all are designed to prevent the tiniest misstep." 

Gore has also supported decentralization, a favored tool of those out of power. According to Moe, it is opponents of those in power who "like fragmented authority, decentralization, federalism, checks and balances, and other structural means of promoting weakness, confusion, and delay." Edit out the weakness, confusion, and delay, and Moe has the first principle of reinventing government: cutting red tape. As Gore argued,

"Effective, entrepreneurial governments cast aside red tape, shifting from systems in which people are accountable for following rules to systems in which they are accountable for achieving results. They streamline their budget, personnel, and procurement systems—liberating organizations to pursue their missions. They reorient their control systems to prevent problems rather than simply punish those who make mistakes. They strip away unnecessary layers of regulation that stifle innovation. And they deregulate organizations that depend upon them for funding, such as lower levels of government." 

Freedom, not control, is the preferred option.

Finally, Gore has championed the concept of the creation of dozens of performance-based organizations, which would be freed from government control systems under performance-based contracts. Creating agile, highly responsive organizations headed by senior executives on short-term contracts might give the president maximum short-term authority, but it would also expose the agency to immediate manipulation by adversaries who might win a future election. A similar critique could be made of Gore's focus on customer satisfaction, which opens an agency to the kind of external sunshine that adversaries favor. Can it be that the theory of public bureaucracy simply cannot tolerate reality?

Before rejecting the theory, however, it is useful to note that party politics and public opinion also play a significant role in shaping presidential incentives for action. Gore entered office first and foremost a Democrat who wanted to be part of an activist administration. Given his own desires to ascend to the presidency and his party's lingering reputation for tax-and-spend government, his political fortunes rested heavily on proving to the
public that government could perform. The political incentives thus far outweighed the traditional structural pressures that Moe describes. Decentralization makes perfect sense, therefore, as a defense against further congressional encroachment on executive prerogative. Far better to hide the work force or diffuse authority than to risk congressional meddling, which has been growing under Republican and Democratic majorities alike, and under divided and unified party control of the two branches.

One can also argue, as Moe probably would, that the performance-based organizations and customer service actually fit quite nicely with presidential control. By changing the basis of the relationship with Congress from one of budgets and incremental adjustment to hard measures of performance, the performance-based organizations would gain significant control of their own destinies. And who would select and negotiate the contracts at hand? The president, of course. The very first contracts written would establish precedents of their own for the future. Little wonder then that the new Republican Congress would reject the performance-based organization concept out of hand. Democrats would have, too.

Politics is very much a part of Moe's theory of public bureaucracy. As he writes, "Winning groups, losing groups, legislators, and presidents combine to produce bureaucratic arrangements that, by economic standards, appear to make no sense at all. Agencies are not built to do their jobs well. Strange and incongruous structures proliferate. Presidential bureaucracy is layered on top of congressional bureaucracy. No one is really in charge." If that is not a description of the tides of reform, what is? Offensive though such organizations might be to economics, they are perfectly comfortable for democracy, which writes its conflicts in the structures of government just as certainly as it does in the statute books.

Moreover, even decentralizers have been known to favor uniformity. That is why, for example, the Gore reinventors wanted every federal department and agency to create a chief operating officer. "Transforming federal management systems and spreading the culture of quality throughout the federal government is no small task. To accomplish it, at least one senior official with agencywide management authority from every agency will be needed to make it happen."

Gore was hardly the first to propose what the new institutional sociologists would call coercive isomorphism. The chief operating officer title joined a long list of government-wide officers, including chief financial officers, chief information officers, and inspectors general, that have been created to strengthen government management. What makes chief operating officers different is their potential evolution in a more senior version of the assistant secretaries for administration recommended by the first Hoover Commission on Organization of the Executive Branch of Government almost a half-century ago. The notion of a single high-level officer, preferably a career civil servant, who would continue from administration to administration as a source of internal leadership makes eminent sense however and whoever recommends it.

Still Thickening after All These Years

Not everything in the illusion of smallness is contrary to Moe's theory of political bureaucracy. Even as presidents invent new tactics for wrestling control from Congress, they continue to heed the bureaucratic incentives on political appointments. The definition of leadership by layering began with Franklin Roosevelt's 1937 Brownlow Committee, which argued that the president needs help, and continued into the Eisenhower administration, which created Schedule C of the federal general service to give cabinet officers greater freedom to hire their own personal and confidential assistants, through Nixon's unprecedented effort to pack the executive branch with loyal aides, and into the more recent centralization of all political appointments in the White House Office of Presidential Personnel. Although the politicization has prompted a substantial amount of lower level layering, as departments and agencies follow Moynihan's Iron Law of Emulation, the incentives for centralization are overwhelming. Much as I still believe that thickening undermines presidential leadership, it continues to exist because it allows presidents to simultaneously fulfill their perceived constitutional obligation to command the government and their political obligation to reward contributors and allies.

Presidents are right to believe that their appointees can make a difference, a point well made by B. Dan Wood and Richard Waterman. Examining Reagan's efforts to dominate administrative decisionmaking in seven agencies—EPA, Equal Employment Opportunity Commission, FTC, FDA, National Highway Traffic Safety Administration, Nuclear Regulatory Commission, and Office of Surface Mining—Wood and Waterman concluded that presidential appointees can have "extraordinary influence" over agency policy. "In five of the seven programs we examined, agency outputs shifted immediately after a change in agency leadership. In four of these cases (the NRC, the EEOC, the FTC and the FDA), change followed an appointment at the beginning of a presidential administration. The direction and magni-
tude of these responses reflects the increased power of a chief executive in the period after a presidential election. Presidents can hardly be expected to give up that kind of influence.

Although the Gore reinventors considered a token cut in the number of presidential appointees as part of what would become a downsizing of 272,900 jobs under the Workforce Restructuring Act of 1994, the White House Office of Presidential Personnel scuttled the recommendation, eventually leading the effort to defeat a Senate-passed bill that would have imposed a more substantial cut from 3,000 to 2,000 appointees. Once again, the desire for presidential control outweighed all arguments for what would have been at most a symbolic thinning at the top of the hierarchy.

Despite this defense of the presidential appointments process, the number of vacancies at the top of government began to rise as the Clinton administration aged. As of 1 September 1997, only seven months into the administration’s second term, nearly 30 percent of the 470 top political jobs were still vacant, prompting the Senate to take the administration to task for violating the 1868 Vacancies Act. Under the act, which was revised in 1988, presidents had exactly 120 days to submit nominations to fill vacancies in Senate advise-and-consent positions.

The obvious violation of the act, particularly by the Department of Justice, prompted Senator Robert Byrd (D-W.Va.), the chamber’s self-appointed guardian of the separation of powers, to wax eloquent about the constitutional system. Clutching a copy of the Constitution in one hand, the 80-year-old senator attacked the Department of Justice for its “unmitigated arrogance” and warned his colleagues of yet another breach of constitutional prerogative. “Each time a vacancy is filled by an individual in violation of the act, yet another pebble is washed off the riverbank of the Senate’s constitutional role. As more and more of these pebbles tumble downstream, the constitutional riverbank weakens until, finally, it will collapse.” In a classic cake-and-eat-it-too defense of both the number of appointees and high vacancy rates, White House personnel director Bob Nash vehemently disagreed with “any assessment that indicates the executive branch is not functioning because of a few vacancies. The president has been and continues to be very successful in implementing his legislative and administrative agenda.” Every last position was necessary, even if it remained vacant for years at a time.

Given the prevailing incentives, it is no surprise that the Clinton administration would fight any cuts. What is more surprising perhaps is the degree to which the Clinton administration lost control of the senior hierarchy through a steady and largely accidental title creep. Notwithstanding its rhetoric about leaner, meaner bureaucracy and its determined attack on the midlevel bulge, the administration added as many new titles to the senior-most levels of government in its first five years as the seven administrations before it had added over their three decades combined. Table 3-3 shows the changing height (number of layers) and width (number of occupants) between 1960, 1992, and 1996.

Before turning to the titles themselves, it is important to note that the Clinton administration slowed the growth in the number of senior-level positions. The numbers may not have gone down, but they did not go up by much either. As table 3-3 shows, the total number of positions barely climbed at all. By comparison, the Bush administration added 641 positions to the senior hierarchy, for a 37 percent increase, while the Reagan and Carter administrations added 173 (11 percent) and 600 (61 percent) respectively. Although the Clinton administration rejected the Senate’s proposed cut in total political appointees, it held the line on the width of the senior hierarchy. It did so evenly from the very top of the senior hierarchy in the secretary, deputy secretary, under secretary, and assistant secretary compartments, where Republican presidents have historically done their packing to reduce agency activism, and in the administrator compartment, where Democrats have historically done their thinning to enhance agency delivery. Although the Clinton administration could have easily hidden small increases in the senior-most layers, it clearly took the head counts seriously.

What is remarkable, therefore, is the extraordinary growth in the height of the senior hierarchy. The Clinton administration oversaw the creation of sixteen new titles in government, including a stunning number of new “alter ego” deputy posts, almost all of which were occupied by career civil servants. Among the new titles were deputy to the deputy secretary, principal assistant deputy under secretary, associate principal deputy assistant secretary, chief of staff to the assistant secretary, deputy associate deputy secretary, assistant chief of staff to the administrator, and chief of staff to the assistant administrator, all classic deputies whose primary responsibilities are to stand in for their principal. The Clinton totals would have been even higher had three titles not disappeared between 1992 and 1998: the principal associate deputy under secretary (which had existed in Energy), the associate deputy under secretary (which had existed in six departments and appears to have moved up into the deputy secretary compartment), and associate assistant administrator (twelve of which had existed in Commerce). All totaled, the Clinton administration witnessed the creation of nineteen
Table 3-3. *The Thickening of Government, 1960–98*

<table>
<thead>
<tr>
<th>Title*</th>
<th>Number of departments where title exists</th>
<th>Number of positions open for occupancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secretary</td>
<td>10</td>
<td>14</td>
</tr>
<tr>
<td>Chief of staff to the secretary</td>
<td>...</td>
<td>11</td>
</tr>
<tr>
<td>Deputy chief of staff to the secretary</td>
<td>...</td>
<td>2</td>
</tr>
<tr>
<td>Deputy secretary</td>
<td>3</td>
<td>14</td>
</tr>
<tr>
<td>Chief of staff to the deputy secretary</td>
<td>...</td>
<td>2</td>
</tr>
<tr>
<td>Deputy deputy secretary</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Principal associate deputy secretary</td>
<td>1</td>
<td>...</td>
</tr>
<tr>
<td>Associate deputy secretary</td>
<td>...</td>
<td>6</td>
</tr>
<tr>
<td>Deputy associate deputy secretary</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Assistant deputy secretary</td>
<td>...</td>
<td>3</td>
</tr>
<tr>
<td>Under secretary</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Chief of staff to the under secretary</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Principal deputy under secretary</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Deputy under secretary</td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td>Principal associate deputy under secretary</td>
<td>...</td>
<td>1</td>
</tr>
<tr>
<td>Associate deputy under secretary</td>
<td>...</td>
<td>6</td>
</tr>
<tr>
<td>Principal assistant deputy under secretary</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Assistant deputy under secretary</td>
<td>...</td>
<td>1</td>
</tr>
<tr>
<td>Associate under secretary</td>
<td>...</td>
<td>1</td>
</tr>
<tr>
<td>Assistant under secretary</td>
<td>...</td>
<td>...</td>
</tr>
</tbody>
</table>

Assistant secretary
Chief of staff to the assistant secretary
Principal deputy assistant secretary
Associate principal deputy assistant secretary
Deputy assistant secretary
Principal deputy assistant secretary
Deputy deputy assistant secretary
Associate deputy assistant secretary
Assistant deputy assistant secretary
Principal associate assistant secretary
Associate assistant secretary
Chief of staff to the associate assistant secretary
Deputy associate assistant secretary
Assistant assistant secretary
Chief of staff to the assistant assistant secretary
Deputy assistant assistant secretary
Administrator
Chief of staff to the administrator
Assistant chief of staff to the administrator
Principal deputy administrator
Deputy administrator
Associate deputy administrator
Deputy associate deputy administrator
Assistant deputy administrator
Deputy assistant deputy administrator

(Table continues)