

## CHAPTER 1

# WHY STUDY THE BUREAU OF EFFICIENCY?

That the federal government had for twenty years an agency called the Bureau of Efficiency would probably strike the contemporary observer as ludicrous and absurd as well as somewhat quaint and naïve. To the twenty-first-century American, a federal Bureau of Efficiency sounds more like a punch line in the monolog of a late night TV show's host than real history. ("Efficiency in government? That's an oxymoron!") Yet this negative perception of the federal government is not a new phenomenon, rather one deeply embedded in American political culture. In 1920, Sen. Charles Thomas (D-CO) said of the Bureau, "I am not at all familiar with the province or the work of the Bureau of Efficiency. I always regarded that name as applied to a Federal bureau as a piece of congressional humor, because I know of no such thing as efficiency in any of the departments of the Government, Congress included."<sup>1</sup> That statement could just as easily have been made in the early twenty-first century and would have gotten the same laughing and smirking reaction.

Also, in popular culture, the image of efficiency experts has undergone a radical transformation since the middle of the twentieth century. In early movies and TV shows, efficiency experts were presented in a positive light, as well as the foils for innocent humor. By the end of the century, the efficiency expert on American TV and in Hollywood movies was more often than not a malevolent and despised figure, a person to fear.<sup>2</sup> Efficiency had gone from being a good thing to a bad one. Through this contemporary filter of pop culture, a federal Bureau of Efficiency (BOE) would invoke the image of layoffs and firings, downsizing and cost cutting.<sup>3</sup> Yet such an agency did exist, although it is largely forgotten, and its contribution to the evolution of modern American government is even less known.

## IS THE BUREAU OF EFFICIENCY WORTH EXAMINING?

While some aspects of the federal Bureau of Efficiency (1916–33) are indeed deserving of derision, the agency is nonetheless worthy of attention for the historical role it played regarding the evolution of the federal government into what it has become today. According to Emmerich, BOE's "importance should not be minimized."<sup>4</sup> Van Riper suggested not only that BOE's creation was the "beginnings" of management analysis in the federal government, but its use of that tool was so innovative that the president's Bureau of the Budget (BOB) and the congressional General Accounting Office (GAO) deliberately avoided engaging in similar activities until after BOE disappeared from the scene.<sup>5</sup>

There is one major reason to study the Bureau of Efficiency, as well as two second-tier reasons. These three reasons are presented in summary fashion in the next few paragraphs and then in more detail for the remainder of this section of the chapter. Briefly, the first and most important justification for paying attention to BOE is that it was the first central staff agency of the modern-day managerial presidency as well as for the institutionalized Congress. The Bureau of Efficiency not only was the organizational template for central staff agencies serving the executive and legislative branches but also contributed to the development of management and policy analysis as rigorous tools for decision making in the public sector. These tools can be used to assess a proposed idea, evaluate a program that has been in operation, or consider ways to improve the smooth functioning of the administrative aspects of government agencies.

Second, the story of BOE's birth, life, and death is one of the last examples of the era when Congress dominated federal policymaking. As such, it presents a tangible example of pre-modern national government with a dominant legislature and more passive executive—the opposite of contemporary times. This makes it a relatively recent case study, probably one of the last, of a bygone era of American government, called "Congressional government" by Wilson.<sup>6</sup> Here is the instance of the separation of powers arrangements of the eighteenth and nineteenth centuries occurring as late as 1933.

Finally, the Bureau of Efficiency was the most prominent example of Progressive-Era reformers bringing to government the concepts of efficiency and one best way from what was called scientific management. Therefore, the third justification for studying the Bureau of Efficiency

is that, as a federal agency operating on the national level, it was the leading manifestation of scientific management in government. While the naiveté of that effort is obvious to twenty-first-century observers, it is easy to overlook how powerful the siren call of efficiency still remains in American politics. Scientific management indeed has faded, but the legacy of finding ways to make government more efficient are as strong in 2006 as when BOE was created in 1916. In that sense, a study of the Bureau of Efficiency is justified by the benefit of analyzing an original source of the continuing power that its bequest has left us.

The Bureau of Efficiency was the first central staff agency in the federal executive branch, thus inventing the now-accepted existence of agencies dedicated to serving the president and helping him to perform his job. Its role was to conduct management and policy analyses at the direction of the president, literally at the beck and call of the White House. This unprecedented function turned out to be a key building block of the modern presidency. In that role, the Bureau of Efficiency presaged the signal development of American politics in the twentieth century, the emergence of the activist and modern presidency, an office that became the focal point of leadership and power in the federal government. Sometimes called the “managerial presidency,” the transformation of the presidency included an enormous expansion of the roles and responsibilities of the office, including the direct management and coordination of the executive branch, legislator-in-chief, originator of major public policies, and the premier national political star for media coverage and pop culture. The change in the role of the president vis-à-vis Congress turned the traditional relationship that had preceded it in the eighteenth and nineteenth centuries upside down. Without any significant changes in the formal language of the U.S. Constitution, the modern presidency upended the separation of powers doctrine by assuming preeminence over the legislative branch.

One of the elements of the modern managerial presidency has been the development of new tools for the president to assume and exert control over the federal bureaucracy. The routinized and accepted status quo of the early twenty-first century makes it hard to visualize an earlier reality when the president was not automatically seen as the boss of federal departments and agencies. Yet, a century earlier, it would have been controversial—and factually incorrect—to assert that the president had full legal power to direct cabinet departments and other non-cabinet agencies.<sup>7</sup> The emergence of the managerial presidency has been

predicated in part on the accretion of administrative levers that assisted the president in riding herd over the bureaucracy, giving him information, evaluation, and analysis that was independent of the self-serving information submitted by agencies and making sure that the bureaucracy was correctly implementing what the president had directed. To do this, the president needed his own staff. The contemporary presidency has bulked up on staff dedicated exclusively to serving the president and the presidency. The modern-day Executive Office of the President consists of sixteen agencies (excluding the White House Office itself), with a full-time staff in FY2005 of 1,421 and a budget of \$258 million for that fiscal year.<sup>8</sup> Where and when did this all start? Who and what was there at the moment of creation and even before?

The answer is that the U.S. Bureau of Efficiency, while established by Congress for unrelated reasons, almost accidentally evolved to become the first central staff agency serving the presidency. It was created as an independent and freestanding federal agency in 1916 and had organizational roots going back to 1913. As such, BOE predated the Bureau of the Budget (now the Office of Management and Budget)—which is often viewed as the original and key administrative tool for presidential power—by half a decade, the latter founded in 1921. BOE predated the Executive Office of the President by nearly a quarter of a century, with EOP having been created by President Roosevelt in 1939. The Bureau of Efficiency foretold the coming of the managerial presidency, especially the emergence of central staff agencies as a major component of presidential power.

Simultaneously, and oddly, BOE was also the first legislative branch agency. One of the key features of the twenty-first-century Congress is the large administrative infrastructure that it has developed to support its policy-making and program oversight roles.<sup>9</sup> During the twentieth century, the concept of federal agencies in the legislative branch was invented and formalized. Congress then gradually created for itself a set of organizations that reported exclusively to it with the mission of providing independent sources of information, analysis, evaluation, and investigation. This helped transform Congress from, essentially, its elected members (and their small personal and committee staffs) into an institutionalized body, with extensive support systems to enhance its constitutional responsibilities. Now the contemporary Congress has—besides significantly increasing personal staffs of legislators and entities that serve one house or one party—an array of expert agencies

that serve the entire institution with exclusive policy and management analysis. That policy infrastructure includes the Government Accountability Office, the Congressional Budget Office, and the Congressional Research Service. An Office of Technology Assessment existed from 1972 to 1995.<sup>10</sup> As of FY2005, these legislative branch agencies employed 4,237 full-time staffers with an annual budget of \$600 million for that fiscal year.<sup>11</sup> This is the institutionalized Congress.

The Bureau of Efficiency, created by Congress in 1916, was the first central staff agency of the legislative branch. It provided Congress with analysis, evaluation, and investigations that were independent of the self-serving information legislators received from executive branch departments, even from the president. While formally founded in 1916, Congress already began assigning specific projects to BOE even before that, while—organizationally—it was the Division of Efficiency within the U.S. Civil Service Commission. BOE predated the General Accounting Office (now the Government Accountability Office) by five years, the latter founded in 1921. Furthermore, GAO's emergence as a congressional agency that provided independent analytic and investigative reports to Congress only gradually occurred after that. According to Trask, "Not until after 1940, under significantly different leadership, did GAO begin more overt efforts to improve and expand its relationships with Congress."<sup>12</sup> That means the services BOE provided Congress preceded GAO's by about a quarter of a century. Similarly, while the Library of Congress's Legislative Reference Service (now the Congressional Research Service) had been founded only a year after BOE had been created, its assistance to Congress at that time was limited to conventional library-based reference activities, essentially having reference librarians (generalists) looking up in the library's collections answers to questions put by senators and members of the House. The staffing of the agency with policy experts, who conducted research and released reports, did not begin until 1946, three decades after BOE.

The U.S. Bureau of Efficiency foretold both the coming of the managerial presidency and the institutionalized Congress. It was the early signal and initiation of the modernization of the American national government. This important historical and political foreshadowing role that BOE played as an organization is further magnified by how the Bureau operationalized its mission. The Bureau of Efficiency was a forerunner in the development of management and policy analysis as tools for professionalizing public administration and government decision making.

It was the first central agency in the federal government that was dedicated exclusively to improving the management of the executive branch with a disinterested, continuing, and professionalized approach. It contributed to the emergence of both the tools and the profession of management auditing, policy analysis, and program evaluation. These analytic instruments and activities have become the template for applied social science, practical yet rigorous methodologies for examining public policy issues, whether on a post-hoc or a pre-hoc basis. The Bureau of Efficiency helped bring modernity to federal decision making.

Besides BOE's active contribution to the organizational template and work processes for the new phenomenon of central staff agencies of the managerial presidency and the institutionalized Congress, the second reason to study BOE is that it was a prime case study as an object of these political changes. At the beginning of the twentieth century, Congress was still very much a dominant institution, actively creating policy and overseeing executive branch agencies. But early signs of the modern presidency were already beginning to be manifested, with presidents beginning to take some leadership roles, especially in such areas as administrative reform, reorganization, and budgeting.<sup>13</sup> The Bureau of Efficiency found itself straddling this interstice of power. In part, its life (and death) is the story of these two constitutional branches jockeying for leadership, with the bureau as a pawn and subject of that maneuvering. In that respect, the story of the Bureau of Efficiency embodies the growing pains of the twentieth-century federal government: the gradual ascendancy of the presidency and Congress's rearguard actions to retain its predominance.

As a case study of one of the last examples of the *ancien régime*, the story of the Bureau of Efficiency helps present a tangible instance of a national government with Congress as the alpha branch and the president in a more subservient role.<sup>14</sup> That relationship is captured by the phrase, "Congress proposes and the president disposes." One of the manifestations of the managerial presidency has been the reversal of that relationship to "the president proposes and Congress disposes." The initiative for creating the Bureau of Efficiency and then for disbanding it emanated on Capitol Hill, not the White House. The life and death of this agency captures one of the final dramatizations of the "old" federal government. In fact, the transformation of the roles of the two branches can be pinpointed to just twenty-four hours after BOE was abolished. On March 3, 1933, President Hoover signed the legislation that defunded

the agency. The next day, Roosevelt took the oath of office and kicked off the One Hundred Days, a period of unprecedented presidential leadership, especially in initiating legislation that revolutionized the role of the federal government in the political economy. These first weeks of FDR's presidency marked the beginning of the upending of the long-time relationship between Congress and presidents. For the rest of the twentieth century and into the twenty-first, the presidency generally became the engine of the federal government, with Congress assuming a more reactive and disputatious role.

The third and final reason for studying the Bureau of Efficiency is to review the most prominent application of the concept of efficiency that early founders of the profession of public administration imported from the business sector to government. Ever since the existence of the Bureau of Efficiency, the central rationale for its creation, the need for efficiency in government, has burrowed itself deeply into the American political culture. Efficiency still appeals to federal decision makers in the twenty-first century, for example with various reform efforts focusing on measuring performance, scorecards, privatizing, and rationalizing.<sup>15</sup> The very title of this obscure and largely forgotten agency represented the obsessive and single-minded focus on efficiency that was paramount in early public administration, an integral part of the reforms of the Progressive Era.<sup>16</sup> The focus on a one best way of doing just about everything in society had been largely inspired by the writings of Frederick Winslow Taylor and the so-called scientific management movement that evolved from it. Scientific management had swept the country in the late nineteenth and early twentieth centuries.<sup>17</sup> The good-government reformers believed that there were scientific principles of administration that could be determined and then implanted in government.<sup>18</sup> Whether from the left or the right, political leaders embraced the belief that they could make government as efficient as possible. All that was needed, they thought, was to appoint efficiency experts to study the workings of public sector agencies and then to direct changes based on their supposed scientific results.

As an agency of the national government, BOE was the most prominent manifestation of the efficiency movement and scientific management in the public sector, still operating at full tilt in 1933. The final report of President Roosevelt's Brownlow Committee in 1937 tried to shift the focus of government reorganization and reform from the goal of efficiency to that of administrative management. Given that chronology, the Bureau of Efficiency was both the high-water mark and the last gasp of scientific

management in the national government. Yet, in a larger sense, the universal appeal of efficiency in government is still with us. For example, President Bush's proposal for the federal budget for FY2005 used the word *efficiency* 144 times and *efficient* another 96 times.<sup>19</sup> Similarly, an August 2004 update on his administration's Management Agenda referred to *efficiency* four times and once to *efficient*.<sup>20</sup> While the concept of a federal agency called the Bureau of Efficiency may seem laughable, the goals of that agency have become deeply rooted in the political culture. This story takes us back to where it began.

Still, the importance of the Bureau of Efficiency should not be exaggerated and does not need to be oversold. It was an agency that existed only briefly and has been long gone from the Washington scene. It was small in size and budget. The purpose of this study is to restore the U.S. Bureau of Efficiency to its proper place in history and government, a modest but still important and interesting role especially relating to the vectors of American political history that came after it. In particular, as the first central staff agency in Washington, it created the template for the multiplicity of staff agencies that today comprise the managerial presidency and the institutionalized Congress.

## **REVIEW OF THE LITERATURE AND THE BUREAU'S ROLE IN IT**

Separation of powers is at the heart of American national government. The built-in conflict between the independent branches could be viewed as generating the heat that fuels the ongoing dynamic of the federal government, a kind of constitutional perpetual motion machine. In particular, the relationship between presidents and Congress is at the nexus of power in Washington. That separation of powers relationship is the ongoing barometer of the ups and downs of each branch relative to the other.<sup>21</sup>

The arena for that conflict often focuses on friction between the legislative and executive over control of the bureaucracy. That has been a continuing theme since the ratification of the Constitution. According to Fisher, "For more than two centuries, Congress and the president have battled with one another for the power to regulate the activities of departments and agencies. Both branches have legitimate claims to a general supervisory power."<sup>22</sup> Especially in the twentieth century, Congress and presidents sought to frame their own roles and that of the counterpart

branch in ways that advanced its own ability to control administrative departments. The efforts of each branch to promote its superiority (or at least parity) in this relationship have contributed to the emergence of the modern managerial presidency and the institutionalized Congress.

The beginning of the modern presidency is of some friendly dispute by scholars. According to Hess, “most of the elements of the modern presidency were in place, even if in embryonic form” in 1945, at the death of Franklin Roosevelt.<sup>23</sup> Many writers begin the story with the report of FDR’s Brownlow Committee in 1937 and, subsequently, the establishment of the Executive Office of the President (EOP) in 1939.<sup>24</sup> Pfiffner listed the first formal landmark of the managerial presidency as 1921, with the creation of the Bureau of the Budget, as did Sander. Arnold dated the beginning of the making of the modern presidency at 1905. According to Gould, it emerged between 1897 and 1921, with McKinley as the first modern president.<sup>25</sup>

The significance of the date of the beginning of the modern presidency is relevant to this discussion, since most of the initial dates listed in the preceding paragraph preclude considering a possible role by the Bureau of Efficiency. The bureau was established in 1916, half a decade before the creation of the Bureau of the Budget in 1921. Hence, most of the writers cited above (except Gould and Arnold) would by definition have eliminated considering potential contributions by BOE to the development of the modern presidency since they began their chronology after BOE had already been created.

Regardless of precisely when the modern presidency began, a term for describing it has been “the managerial presidency.” The phrase is meant to convey in general that “management and administration are crucial to the modern presidency,” in particular with the president serving as the “chief manager of the executive branch.”<sup>26</sup> In order to manage administrative agencies and departments, modern presidents have gradually sought to solidify their power, partly through the creation of central staff agencies. Those agencies have been intended to merge neutral competence with loyalty to the presidency, serving as management control agencies in service of the White House.<sup>27</sup> These staff agencies have led to the invention of a previously unknown concept, the institutionalized presidency. The hallmark of the modern president is the shift from being, essentially, one person in the White House with a handful of assistants to a vast infrastructure of centralized information analysis, evaluation, advice, oversight of implementation, and management control.<sup>28</sup>

At the other end of Pennsylvania Avenue, Congress, too, has sought to modernize its ability to predominate in conflicts with the president, especially regarding giving direction to administrative departments and agencies. In the face of the emergence of the modern managerial presidency, Congress has acted to retain its viability as co-manager of the federal government in general and the bureaucracy in particular.<sup>29</sup> Unlike the term “managerial presidency,” the literature has not coined a counterpart and commonly used title to describe this parallel dynamic on Capitol Hill. Sundquist suggested “resurgent Congress,” Ornstein used the term “the open Congress,” and Polsby called it “the modern Congress.” Other phrases have been “the postreform Congress” and “the imperial Congress.”<sup>30</sup> A sometimes recurring title has been “the activist Congress.”<sup>31</sup>

Polsby, earlier, had used the term “institutionalized House of Representatives,” but with a meaning that focused mostly on membership and internal structure rather than the infrastructure of separate legislative staff agencies serving both houses.<sup>32</sup> Summarizing Polsby, Frisch wrote of the institutionalized Congress, and Fabbrini meant it in a similar way.<sup>33</sup> In this study, the term “the institutionalized Congress” will be used as a way of focusing on the significant change in Congress’s analytic support infrastructure over the last century. Certainly, personal and committee staffs have grown in both houses. That trend has largely been a reflection of the individual cultures and the internal processes of institutionalization of the two houses. However, those were accelerations of earlier trends. The invention and rapid growth of permanent central staff agencies to serve the entire legislative branch with nonpartisan management and policy analysis has been a much more distinctly new phenomenon. These pan-congressional staff agencies have been organized around the concept of neutral competence, intended to provide Congress with capabilities to counterbalance those emerging as part of the managerial presidency. That has helped reposition Congress to more effectively react to the emergence of the modern presidency. The “institutionalized Congress” title helps focus on legislative efforts to accomplish, at a minimum, some analytic equivalence to the identical trends in the presidency, rather than a goal of restoring the nineteenth-century status quo ante of predominance over the White House.

Notwithstanding the lack of a common appellation, the literature has broadly acknowledged the trend in the actions of Congress to attain a modicum of equal competence with the executive branch by strengthen-

ing its own oversight of the federal bureaucracy.<sup>34</sup> Like the modern presidency, since the mid-1940s Congress has refined and developed multiple methods for accomplishing legislative oversight, gradually inventing and imposing a form of “legislative-centered public administration” on federal agencies.<sup>35</sup> Rosen enumerated twelve distinct mechanisms used by Congress to assure the accountability of the federal bureaucracy, including individual constituent casework, appropriations controls, advice and consent to appointments, hearings, and formal investigations by a joint committee of both houses.<sup>36</sup>

One key method for oversight of administration is the establishment of legislative staff agencies.<sup>37</sup> According to Polsby, “it was mistrust of the modernizing presidency, not the increasing sophistication of the executive branch, that drove Congress to modernize its analytic capabilities” by creating its own agencies staffed with professional analysts. Sundquist noted that “staff resources available to the Congress were gradually expanded” from the 1940s to the 1980s. According to Lowi, Congress “modeled itself after the executive branch” by sharply increasing its staffing, especially the creation of congressional support agencies. Arnold noted that with the gradual emergence of the managerial presidency, “Congress wanted to institutionalize an investigative capacity.”<sup>38</sup>

However, the literature has largely ignored the role of the U.S. Bureau of Efficiency in the origins of the managerial presidency and institutionalized Congress. Sander’s study of staffing for the presidency made no mention of BOE. Relyea’s history of EOP did not mention BOE as pre-saging EOP, referring to it once in the biographical sketch of someone who later served as assistant to the president. When Fisher summarized the history of staff support to presidents in the area of budgeting, he discussed BOB’s early efforts in the area of management improvement but did not mention similar work by BOE that had preceded it. There were no references to BOE in Hart’s history of presidential staff, nor did Fisher’s volume on conflicts between Congress and the president over such matters as control of the bureaucracy. Tomkin’s study of OMB mentioned BOE briefly.<sup>39</sup>

Some of the examples of inclusion of BOE in the literature are Gould and Arnold, the same two authors who were the only ones to date the origins of the modern presidency before 1921.<sup>40</sup> Skowronek described the history and role of BOE within the context of American political development and Schinagl covered the Bureau’s role in developing efficiency ratings systems for federal civil servants.<sup>41</sup> But, overall, the U.S. Bureau

of Efficiency has not been perceived by the literature as having played a valuable or contributing role in the emergence of either the managerial presidency or the institutionalized Congress. Three unpublished theses and dissertations about BOE are quite dated, and a few others refer to BOE briefly.<sup>42</sup>

Generally, contemporary references to BOE in other recent academic literature have also been modest, mostly in public administration, political science, and American history. In other disciplines its reports are occasionally mentioned. Some examples include the role of the bureau in federal salary policies in relation to women's studies.<sup>43</sup> Diner cited BOE's study of the Washington, D.C., public school system and Diprete about BOE's role in labor issues.<sup>44</sup> The greatest interest in BOE by modern-day scholars outside public administration and political science has been by historians of the Virgin Islands and the federal statistical system.<sup>45</sup>

While a modest amount has been written about BOE in public administration and related disciplines, the quantity of mistakes for such a small-sized literature is disproportionately high. Many writers have presented incorrect information about the bureau's origins and the early years of the agency, as well as its demise. Even though errors in academic and professional publications are disconcerting, they are not necessarily fatal or even major. Some unintentional mistakes can inevitably creep into published works despite authors' best efforts and must be excused as such. Certainly, the number of published errors about BOE does not, in and of itself, justify the publication of a book about the agency. However, some of the errors are quite substantive and relate to the role of the Bureau of Efficiency as the first staff agency in the federal government dedicated to management and policy analysis. Previously published mistakes relating to the theme of this book need to be explored not to embarrass the authors, but because they implicitly emphasize the importance of revisiting the historical role of the Bureau of Efficiency.

Regarding BOE's origins, according to Mosher, the Taft Commission on Economy and Efficiency had "recommended . . . a Bureau of the Budget reporting to the President, and a managerial staff under the Bureau for continuing studies of efficiency."<sup>46</sup> Two sentences later, he referred to the creation of BOE, implying the Taft Commission had recommended its creation. While the Taft Commission had recommended in one of its last reports to Congress the creation of a "bureau of central administrative control," it did not discuss such a bureau conducting organizational efficiency studies.<sup>47</sup> Mosher's implied connection between BOE's origins

and the Taft Commission was echoed in subsequent publications that relied on his statement. Ingraham wrote that “the Taft Commission’s recommendations included the creation of . . . , within the Civil Service Commission, a bureau of efficiency” and repeated his mistake in a later publication. Mosher got it right a few years later, when he wrote that BOE was created “following upon, but apparently not based upon, the Taft Commission.”<sup>48</sup>

Van Riper stated that the pre-BOE Division of Efficiency was placed in the Civil Service Commission “more for housekeeping than any other purpose.”<sup>49</sup> Actually, the reason it was originally located in CSC was because its main initial mission was to develop an efficiency ratings system for the civil service, a personnel function that most certainly belonged within CSC. Its gradual emergence as a management and policy analysis agency began occurring after that. This is an important distinction, because it relates to BOE’s original intended purpose. Did Congress consciously plan and create a management analysis and policy evaluation agency, or did that role gradually emerge later on? The key is whether BOE’s role as the first central staff agency in the federal government devoted to analytic studies was intentional or accidental. The sequence of historical events fully documents the latter scenario.

Congress removed the Division of Efficiency (DOE) from the Civil Service Commission in 1916 and converted it into a freestanding independent agency in the executive branch called the U.S. Bureau of Efficiency. Nonetheless, Gould referred to the agency in 1920 as the “the Bureau of Efficiency in the Civil Service Commission,” while a study issued in 2002 by the National Academy of Public Administration stated, “In 1916, a Bureau of Efficiency was created within the Civil Service Commission.”<sup>50</sup> Again, these are important details because they relate to the circumstances that led to the emergence of an independent staff agency for management and policy analysis.

Arnold wrote that Congress’s “annual appropriation to the bureau allocated funds directly for specific studies.”<sup>51</sup> This would suggest that BOE was an ad hoc entity, existing only from study to study assigned and funded by Congress, expanding and contracting based on one-at-a-time congressional mandates. Were this the case, it would suggest a wholly different organizational basis for BOE, making it more of a temporary agency hiring short-term employees for specific analytic studies. It is an important distinction that BOE was a permanent agency. It received routine annual appropriations from Congress, like other federal agencies.

Funding levels were relatively stable (see Chapter 4). This meant it gradually developed an institutional memory about management problems in the federal government, rather than facing each assignment from scratch. At times, in the same appropriation bill, Congress would direct the Bureau to conduct a particular study, but very rarely did it tie a specific add-on appropriation for a specific study.

Some writers have argued that BOE was a de facto legislative branch agency (see discussion at beginning of Chapter 6). The bureau is often described as similar to the modern-day GAO. This is correct as long as the characterization of BOE's legislative services does not imply the absence of an equal and counterpart role serving presidents. However, several sources went further and instead of describing it as a pan-legislative agency, portrayed BOE as a de facto Senate agency. White wrote in 1926 that BOE was "maintaining close relations with certain Senators." Thirty years later, Macmahon repeated the assertion that the Bureau "was never fully drawn into the executive orbit; its informal senatorial link was never broken." It is certainly accurate that, for example, Senator Reed Smoot (R-UT) was a strong supporter of the agency.<sup>52</sup> However, it is incorrect that this relationship was at the expense of BOE's ties to the House of Representatives. Besides its supporters in the Senate, BOE simultaneously benefited greatly from backing in the House, especially from the House Appropriations Committee throughout its existence. Later, in 1933, the Senate provision to abolish BOE was strongly resisted by the House conference committee members who, at one point, convinced the Senate conferees to recede from their position.<sup>53</sup> Ultimately, when the House conferees yielded to the Senate, two of the five members of the House delegation to the committee signed the conference report with a formal note that they were not agreeing to two provisions in the bill, one of them BOE's abolition.<sup>54</sup>

Another mistake about BOE's role as a staff agency to Congress suggests a partisan split between its supporters and opponents on Capital Hill. In 1920, the Senate twice approved an amendment by Republican Smoot transferring BOE from the executive to the legislative branch. According to Merrill, his proposal was defeated by "the House Democrats, who, following the Wilson lead, were adamant in their opposition to the Smoot amendment."<sup>55</sup> However, at that time, the Democrats were the minority party in the House. Rather, it was the Republican House majority leader who moved to reject Smoot's proposal, and his motion was adopted unanimously. Also, Wilson had not made his objections to

the move known until after the Smoot amendment had been defeated (see Chapter 6).

BOE's relationship with the Bureau of the Budget, the latter often viewed as a central power lever of the managerial presidency, has been significantly mischaracterized. Morstein Marx's BOB history downplayed the working relationship between the two agencies to the point of insignificance. He cites a comment by the BOB director in 1921 acknowledging a modicum of help from BOE: "But that was about all there was to acknowledge."<sup>56</sup> This is misleading to the point of being wrong; especially considering the monetary value of annual budget savings due to BOE's work that BOB itself certified to Congress in the early 1930s (see Chapter 6).<sup>57</sup> The significance of the mistake is that it suggests BOE was so minor that it could not have played a role in constructing the managerial presidency. Thomas made a different mistake about the relationship between BOE and BOB. He referred to "the Bureau of Budget and Efficiency" as existing in 1917. Apparently, based on that incorrect agency title, he described BOE as "an independent counit [*sic*] of the Bureau of the Budget."<sup>58</sup> However, BOB did not exist in 1917; the law establishing it did not pass until 1921. Even after that, the two bureaus never had any formal linkage or umbrella entity.

BOE's demise in 1933 is important to the theme of this book for two reasons. First, I argue that its abolition was one of the last examples of Congress serving as the policy initiator of the federal government, reflecting an era when presidents acted in a more passive and reactive role. Second, if BOE indeed served both Congress and the president, then the branch that originated its extinction and the methods used to do that are important, too. There are a large number of published errors about BOE's demise:

- Rung stated that BOE was abolished in 1932 and its duties transferred to CSC.<sup>59</sup> The abolition did not occur until 1933 and nothing was transferred to CSC.
- Mosher wrote that BOE went out of existence in 1934, while in a different publication he got it right, putting it in 1933.<sup>60</sup>
- Van Riper wrote that "President Roosevelt abolished the agency in 1933 as a retrenchment move."<sup>61</sup> It was actually President Hoover who passively signed the legislation abolishing the agency. The legislation took effect several months later, after FDR had been inaugurated. Also, Hoover opposed abolishing BOE as a retrenchment move. For

example, a year earlier he had prevented Congress from abolishing BOE as part of the 1932 Economy Act, legislation reacting to the Depression with dozens of retrenchment provisions affecting the federal government (see Chapter 8).

- According to Pearson, President Roosevelt abolished BOE when he signed Executive Order 6166 and Latham repeated the mistake two years later. However, BOE is not mentioned in that executive order. Inexplicably, both authors confused it with the Federal Coordinating Service.<sup>62</sup> Actually, congressional action abolished BOE by statute and that occurred before the irrelevant executive order Roosevelt later promulgated.
- When BOE was abolished, wrote White, “its staff [was] largely transferred to the Bureau of the Budget.”<sup>63</sup> This is wrong. The legislation abolishing the agency only transferred to BOB its files and furniture, not its staff.
- A slightly different mistake about the transfer was contained in a published staff study of the Brownlow Committee. When Congress abolished BOE, it supposedly transferred to BOB not only BOE’s records but also “its duties.” Similar comments were made by Pemberton and Dickinson.<sup>64</sup> Actually, the statute abolishing BOE made no change in BOB’s duties and mission and only transferred BOE’s files and furniture to BOB.
- Arnold made two mistakes about BOE’s demise when he wrote that it was merged into BOB through a 1933 Executive Order.<sup>65</sup> While Arnold is correct that President Hoover tried to merge BOE into BOB by Executive Order, he issued it in late 1932, not 1933. Perhaps contributing to the confusion was the congressional decision in early 1933 to invoke its legislative veto and prevent Hoover’s reorganization from going into effect (see Chapter 8). The eventual elimination of BOE several months later was by statute, not executive order.

Academic writers are often accused of pedantry, sometimes justifiably. I hope that is not the impression left from the preceding examination. Rather, the purpose of discussing these published mistakes about BOE has been to help demonstrate an underlying rationale for this inquiry. These errors are worth noting because cumulatively they have contributed to obscuring BOE’s authentic historical role in the emergence of staff agencies as building blocks of the managerial presidency and institutional Congress.

## METHODOLOGY

Historical analysis is a common qualitative research methodology in social science.<sup>66</sup> According to Gladden's overview in the 1970s, historians of government had up until then generally focused on power and leaders, giving less attention to public administration. Since then, both public administration historiography and historical studies have become more common and more prominent.<sup>67</sup>

The first step in this research process was a traditional literature review of published academic and professional research relating to the Bureau of Efficiency. However, the comparative lack of contemporary and/or historically accurate information (summarized in the preceding section) suggested that this inquiry belonged to a particularized category of historical management research. According to the typology developed by Wrege, Greenwood, and Hata, this study of BOE would be a Category III approach because it appeared that the subject matter was once known but now had become relatively unknown.<sup>68</sup>

Historical researchers need a systematic and thorough research approach that contributes to comprehensiveness, accuracy, and multiple perspectives. Beginning in the 1960s, social scientists have evolved a research approach called triangulation or multiple triangulation.<sup>69</sup> Generally, it entails using several independent approaches to achieve confirmation, completeness of data, and cohesiveness. It is also useful for identifying discrepancies in the ostensible historical record.<sup>70</sup> Begley identified five triangulation foci: data, investigator, theoretical, methodological, and unit of analysis. While the general technique has some weaknesses, its value—in this case for historical studies—derives from using several separate primary sources for data and the subsequent benefit of these independent sources confirming or contradicting each other.<sup>71</sup> Thus, triangulation culminates with the “piecing together many pieces of a complex puzzle into a coherent whole.”<sup>72</sup> Triangulation has been identified as a useful methodology in political science and public administration.<sup>73</sup> This author has used the triangulation approach in other governmental histories.<sup>74</sup>

For this study, the three separate primary sources used for triangulation were: archival documents, contemporaneous news coverage, and contemporaneously published government documents, usually from the U.S. Government Printing Office. Each of these three data sources has strengths and weaknesses when used exclusively. Triangulation helps

overcome the demerits or bias of one source through the strengths of other unconnected primary sources.

The first technique for this particular triangulation entailed a review of original archival documents. This methodology is a widely accepted research technique in public administration and nonprofit management. Jick specifically recommended the benefit of archives as one of the sources of information for management researchers using triangulation. As early as 1940, Pfiffner commented that “unpublished official records constitute the most important source for many studies” in public administration. Wrege, Greenwood, and Hata note that “public archives . . . contain a great amount of materials generally unused by management historians.”<sup>75</sup> For more detailed information about archival material used for this study, see the preface.

The second source for the triangulation approach were published materials from both popular and obscure periodicals and other mass media coverage. Wrege, Greenwood, and Hata focused on them as particularly beneficial for Category III historical studies in management.<sup>76</sup> These sources provided a continuing and contemporaneous, though typically episodic and conflict-oriented, narrative of BOE’s history. Newspapers relied on extensively for this project were the *New York Times*, *Washington Post*, *Los Angeles Times*, *Chicago Tribune*, *Wall Street Journal*, and *Christian Science Monitor* largely because they could be searched through a digitized database. Other occasional journalistic sources included *Washington Star*, *Washington News*, *Washington Times*, *New York Journal American*, *New York Herald Tribune*, and the *Sunday Sentinel-Milwaukee Telegram*. BOE chief Herbert D. Brown also authored several articles in periodicals, some popular and some obscure. A complete listing is presented in the bibliography.

To complete the process of triangulation, the third primary source comprised published federal documents. They can provide a significant amount of information, especially congressional hearings. At mid-century, Macmahon had noted that, for example, published congressional hearings have a “great but largely unexplored value for the study of administration . . . ; these records are one of the main outcroppings of administrative methods.” For her history of efficiency ratings in the federal government (in which BOE played a major role), Schinagl noted “a paucity of material” in traditional published academic literature, compelling her to rely mostly on published government documents.<sup>77</sup> There is a wealth of information about BOE in such materials, but they are widely scattered in different series and sometimes are difficult to ob-

tain. Legislative sources included *Statutes of the United States*, *Congressional Record*, *Congressional Directory*, legislative hearings, committee reports, and committee prints. A wide variety of material was available as House and Senate documents, such as presidential messages and BOE reports on specific issues to congressional committees. All of BOE's annual reports were printed as House documents, except the last (for 1931–32), which was published by the Government Printing Office as an agency publication. Valuable sources for executive branch materials included compilations of presidential executive orders, Official Opinions of the Attorneys General of the United States, the annual *Budget of the United States*, and the preceding series predating BOB's creation, *Estimates of Appropriations*. The National Archives' series *Public Papers of the Presidents of the United States* was very helpful for the Hoover years. The microfiche collections of the Congressional Information Service (CIS) also permitted access to more esoteric materials including unpublished congressional hearings and unpublished executive orders.

A different methodological approach is used to assess the work of the bureau and develop an historical verdict about it. A discussion of that evaluation methodology is discussed and presented in the last chapter.

Finally, a caveat is offered regarding historical discussion of decisions of multiple-membership bodies such as Congress. It is difficult to dissect congressional decisions for true motivations, intent, and purposes. Yet, it seems unnecessarily neutering to limit a researcher to a mere recitation of votes, such as “by a vote of  $x$  to  $y$ , a majority of the senators present decided to . . .” Stiglitz, in analyzing decisions of the World Bank and the International Monetary Fund in the 1990s, suggested that motivations could be attributed to organizations, at least the appearance of intent:

“We cannot talk meaningfully about the motivations and intentions of any institution, only of those who constitute and govern it. Even then, we often cannot ascertain true motivations—there may be a gap between what they say their intentions are and their true motivations. As social scientists, we can, however, attempt to describe the behavior of an institution in terms of what it appears to be doing.”<sup>78</sup>

Therefore, based on Stiglitz's approach, throughout the text, I have at times used such phrases as “Congress opposed,” “the Committee wanted,” and so on. However, I have tried to be restrained in such usage and especially to avoid characterizing motivations beyond the obvious implications and explicit meaning of such institutional decisions.

## PLAN OF THE BOOK

Foner has suggested that history should usually be told in chronological order. The typical historical researcher amasses documentation on the totality of a defined subject matter and, therefore, knows how the story “turned out.” That leads to a temptation—if only an unconscious one—of imposing on the narrative a sense of inevitability and predestination. But human events, including governmental developments, do not unfold that way. They are often affected by deliberate choices as well as luck, happenstance, and serendipity. History is not deterministic. That is why Foner cautioned, “The historian, however, must avoid telescoping the actual course of events into a predetermined, linear progress.” Similarly, when writing a history of the media, Starr noted the tendency to present historical narratives as “appearing to be natural and inevitable, as if they could be no other way.”<sup>79</sup> In general, future events in public administration and government are not knowable because history “is not predetermined by the past.”<sup>80</sup> The challenge is to present history so that it will not “give the impression that what happened was the inexorable product of great impersonal forces, that it was bound to happen, that there were no alternatives.”<sup>81</sup>

However, the sequential approach to writing history is not a perfect fit for the story of the U.S. Bureau of Efficiency. For example, during its existence, much of what the bureau did and how it operated remained relatively constant. Therefore, the book’s structure mixes chronological and thematic approaches to fit circumstances. By presenting BOE’s story partly in the chronological order of birth-existence-death, it is hoped that the arc of the narrative will successfully convey the unfolding of events in a way that reflects the reality of non-predetermined outcomes. This is particularly the case regarding BOE’s demise. Events could have developed in a different direction just as easily. In one case, the signature of one congressman on one conference committee report would have changed that particular outcome.

To provide the reader with an overview of what is to come, here is a brief chapter-by-chapter summary of the book. The next chapter starts the story by reviewing the intellectual and organizational roots that led to the bureau’s birth. It was largely the embodiment of scientific management, a broadly accepted and widely held philosophy regarding the approach to all organizational operations, especially manufacturing, industry, and business. BOE was an attempt to apply this “science” to

the federal government. More directly, one of BOE's intellectual parents was the desire to create a supposedly scientific approach to measuring the efficiency of civil servants. Called efficiency ratings, this concept was expected to be used to determine the level of salary raises to be awarded to outstanding employees and for decisions about promotions and demotions. BOE's other parent was organizational, President Taft's Commission on Economy and Efficiency. That commission had been the embodiment of the emerging profession of public administration. When Congress defunded the commission, it created a new and very different entity that could continue some of that kind of work. Finally, Chapter 2 introduces the reader to Herbert D. Brown, who was to serve as BOE's only chief. His prior work in the areas of scientific management and the Taft Commission made him the perfect person to lead the newly created organization.

Chapter 3 continues the chronological telling of the agency by focusing on its birth. Originally, it was created as the Division of Efficiency (DOE) within the U.S. Civil Service Commission (CSC). In 1916, Congress detached DOE from CSC and re-created it as an independent agency in the executive branch called the Bureau of Efficiency.

At this point, the sequential chapters are interrupted with three-and-a-half thematic chapters. Chapter 4 provides an administrative sketch of the agency, describing briefly BOE's structure, staffing, and work processes. The purpose of the chapter is to convey more tangibly what the bureau was like as an independent government agency, in contradistinction to what it did and how it was being impacted by outside—usually political—forces and events. The chapter covers all of the years of the bureau's existence. The next chapter summarizes a few of the substantive activities of the bureau in order to convey a sense of what it did. As would be expected from the vantage point of the twenty-first century, some of the activities of a government agency called the Bureau of Efficiency look quite ludicrous. However, some other agency programs appear respectable after the passage of all this time.

While Chapter 5 provides an overall description of BOE activities, the following two chapters focus on its role as the first central staff agency in the federal government. Chapter 6 gives details about its work serving presidents, making it a de facto staff agency to the White House. By using examples from the Hoover administration as well as its service to the presidency through the Bureau of the Budget, this chapter documents the

executive branch orientation of the Bureau of Efficiency. Given the nature of those activities and when they took place, BOE deserves recognition for its role in the emergence of the managerial presidency as well as of a president-centered federal government.

Then, as a counterpart to that presidential chapter, Chapter 7 describes the bureau's service to Congress, making it simultaneously the first legislative branch staff agency. It provided Capitol Hill with a wide variety of work products, including management analyses, program evaluations, and policy analyses. The chronological telling resumes with the last two sections of Chapter 7. Beginning in the late 1920s, Congress involved the bureau deeply in the operations of the municipal government of the District of Columbia. This became a major focus of BOE's work in its later years. Then, in 1932 Congress sought the help of the bureau in its efforts to respond to the Depression with the 1932 Economy Act.

The chronological story ends with Chapter 8. In the winter of 1932–33 BOE's political fortunes changed dramatically, largely when its long-time opponents used the Depression as an excuse to reopen the question of whether it was a useful agency. The panicky political imperative to “do something” opened the door to the argument that federal spending could be cut by abolishing the bureau. While lame-duck President Hoover had the power to save the agency—which he had supported throughout his Washington career—on his last full day in office he signed the bill abolishing BOE.

Finally, Chapter 9 is an effort to cast an historical verdict on the value of BOE as the first federal staff agency. Was it a joke, based on the pretensions of scientific management? Or did it make a positive contribution? In modern terms, did it add value to the federal government? An initial approach to answering that question focuses on the substantive work of the agency, such as in the area of efficiency ratings and through its major published reports. Then, an alternative approach is pursued to overcome the difficulty of passing judgment on a *sui generis* entity. The contemporary standards of professionalism of the American Evaluation Association and the national organization of legislative audit bureaus are amalgamated to create a generic scorecard to judge the professionalism of public sector staff agencies. It is then applied to the Bureau of Efficiency. A detailed review of how BOE measured up to each of the criteria of this scorecard ends with a creditable conclusion, certainly a passing grade—if not better. This suggests that, notwithstanding some of its laughable and

ludicrous projects, BOE deserves a more respectable place in history. Its work as the first federal staff agency contributed to the evolution of a template for the multiplicity of such agencies in the future, setting the path for the still-growing complex of staff agencies of the managerial presidency and the institutionalized Congress.