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Bureaucracy and Problem Solving

> "In fact, organizations can be remarkably effective devices for working out difficult public problems. . . . Formal authority travels from top to bottom in organizations, but the informal authority that derives from expertise, skill, and proximity to the essential tasks that an organization performs travels in the opposite direction . . . this means that formal authority, in the form of policy statements, is heavily dependent upon specialized problem-solving capabilities further down the chain of authority."
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> – Richard F. Elmore (1979, p. 606)

1.1 WHAT IS THIS BOOK ABOUT?

This book develops a theory of dual dynamics within the administrative state in the United States. Agenda setting in the administrative state is characterized by the dual dynamics of information provision and communication by the bureaucracy and simultaneous "tuning" of this information supply by Congress. Bureaucratic problem solving generates a flow of information to Congress as bureaucracies monitor the agenda for potential problems, define these problems for action at higher levels of government, and transmit information pursuant to these definitions. The information supply generated by bureaucracy both influences and informs congressional problem prioritization such as efforts to shape that supply through issue shuffling, issue bundling, and congressional manipulation of bureaucratic competition in the provision of information.

By developing and extending systems and communications frameworks to the study of bureaucracy, I lay out an explanation of agenda setting in the United States as a product of a communications system characterized by feedback and the competitive provision of information in steering problem definitions. It subsumes classical top-down, preference-driven approaches in a more complete explanation of agenda setting in the administrative state.

The empirical foundation of the book is a dataset comprising the policy-making agenda of the entire federal bureaucracy over a quarter-century. The dataset is enormous, containing 226,710 regulations issued by all bureaucracies in the federal government since the early 1980s. In addition, this dataset is unique, having no peer in academia, the public sector, or elsewhere: it is the first and only of its kind. Collecting, organizing, and coding the data represented an enormous outlay of time and effort.

The development of the dual dynamics of the administrative state required a dataset that was not only issue sensitive but also comparable to data gathered by other institutions of government. Using the Policy Agendas Project coding scheme, I gave each regulation an issue code, making it comparable to similar data for Congress. The coding of the regulations by issue was an interactive process between specialist and machine. I personally hand-coded 40,000 regulations and used them as a training database for the coding of the remaining regulations. Using an iterative coding process, I trained an automated text-coding machine to recognize and code (i.e., "learn to code") the remaining regulations, with routine samples drawn for reliability. The empirical strategy used here represents a useful template for how large-scale, nonsurvey, archival research may be accomplished through the interaction of specialist and machine in the social sciences generally (typically these types of projects are completely computer-based).

This book focuses on the influence of the federal bureaucracy in setting the issue agenda in the United States. Which issues become prioritized for government attention is strongly influenced by information provided by the bureaucracy on various policy problems. The bureaucracy expands the capacity of the governing system to address important problems by detecting their emergence, defining them for government action, and providing information about them to elected officials. I use the issue agenda of the federal bureaucracy over the past quarter-century to examine how and when issue attention in the bureaucracy influences the prioritization of problems in Congress.

What I call the *dual dynamics* of agenda setting characterize the environment in which bureaucratic influence occurs. From above, the bureaucracy influences the process of policy making within the strictures of democratic politics and the rule of law (Bertelli and Lynn, 2006), which subordinate the bureaucracy to the elected branches of government. From below, the bureaucracy monitors potential problems, including their severity, and generates information that forms the basis for policy and political calculations at higher reaches of government. What is true of Elmore's (1979) organizations described in the epigraph is true of government generally. The elected branches of government must influence the bureaucracy, yet setting an agenda for action and, in fact, taking action require bureaucratic expertise emanating from proximity to various policy problems. The information generated by bureaucratic proximity to problems is influence.

From the perspective of the dual dynamics characterizing agenda setting, a vastly different view of federal bureaucracies comes into focus. Accompanying this view is the realization that the "front end" of the policy process is more important in understanding the place of bureaucracy in the policy process than scholars have previously recognized. Problem definition and agenda setting, both central ideas in the study of the policy process generally (Cobb and Elder, 1972; Dery, 1984; Kingdon, 1984; Dodd and Schott, 1986; Rochefort and Cobb, 1994), are immensely important in understanding the influence of bureaucracy in the policy process.

Given the emphasis on the way in which bureaucracies detect potential problems, aid in defining them, and generate a supply of information about them, a different view of how bureaucracies present themselves in the policy process is necessary. If the supply of information yields bureaucratic influence, then bureaucracies must be willing to be attention-seeking and attention-attracting organizations, rather than the backroom dealers of subsystem lore. The dual dynamics of agenda setting engender a more open system of interaction and influence based on communicating information about policy problems. In this context, understanding how bureaucracies help set the agenda and define problems is of importance, even to preference-based theories of bureaucratic oversight.

Bringing the dual dynamics of agenda setting into focus requires a major departure from the standard approach to understanding bureaucratic-congressional interactions, which is centered on information as a privately held good (Alchian and Demsetz, 1972; Mitnick, 1975; McCubbins, 1985; Epstein and O'Halloran, 1999; Gailmard and Patty, 2012). Under this standard approach, uncertainty plagues the decision making of policy makers and stems from information asymmetry: bureaucrats have it, whereas elected officials do not. Instead, the dual dynamics approach of agenda setting takes the perspective that uncertainty is rooted in the difficulty of defining policy problems and results from competition among bureaucracies over the generation and supply of information about these problems. The core problem relating to information in policy making is not its paucity, but that it is attended by noise. Given these principles, this book sets out to understand the role of bureaucracy in agenda setting and adopts a perspective grounded in a communications framework.

Bureaucracy may foster or hinder the adaptability of government to the set of problems on the agenda, depending on the nature of information gathering and processing in the system. The central questions as related to the quality of governance then become: how and when does bureaucracy expand the ability of government to address problems important to elected officials and citizens alike? Further, under what conditions does bureaucracy facilitate government's ability to process information about policy problems and incorporate it into policy making, hence, enhancing governmental responsiveness? What do

reforms aimed at the bureaucracy or its relationship with political overseers imply for the ability of government to address important policy problems?

1.2 WHY THIS BOOK? WHY NOW?

Understanding how and when bureaucracy enables government to address important and pressing policy problems is particularly important because elected officials face looming decisions about the size and scope of the federal government in the coming years. The changes wrought by these decisions could have drastic consequences for the numbers and types of problems that government may be expected to address and solve.

These decisions are much more basic than what government will do and how big the bureaucracy will be. The decisions of policy makers and citizens alike are largely influenced by information generated by the government itself, most especially by bureaucracies. For citizens, housing decisions based on crime rates, interest rates, and available services; retirement questions based on the fiscal health of corporations; public health decisions based on information concerning likely epidemics; and information concerning extreme weather or natural disasters are all examples of the day-to-day decisions profoundly affected by the ability of the government to generate information concerning these problems. For policy makers, decisions concerning such weighty issues as climate change, homeland security, and economic growth require a steady stream of information generated by governing institutions. Most of this information is undersupplied in the private sector or is inadequate in the context of competitive pressures. As a consequence, a key question for the governing system concerns how to reform the system and make policy with an eye toward preserving the supply of information and analysis necessary for many of these day-to-day decisions, regardless of preferences for governmental intervention or the private sector provision of public services (see Williams, 1998).

In modern American politics, the importance of policy making in the bureaucracy is heightened by the persistence of features of politics such as divided government, polarization (Theriault, 2008), and the interdependency and complexity of problems that span the boundaries of traditional issues (May et al., 2009a, 2011). In this context, administrative policy making is a mode of governing and politics. Its centrality to the U.S. system is borne out in the way that members of Congress and presidents have chosen to spend their time and go about making policy over the past thirty years. For instance, Congress spends an increasing amount of time in oversight as compared to other activities. Hearings that are primarily geared toward oversight of federal agencies and programs have exceeded 90 percent of activity in recent years,[1] and their importance has been strengthened by passage of the Congressional Review Act

[1] For data concerning hearing activity, see www.policyagendas.org.

(CRS, 2008).[2] As a result, members of Congress and their staff now spend less time crafting and passing legislation (Aberbach, 1990). Lest this is assumed to be strictly a congressional phenomenon in an age of presidential government, the president now also spends a tremendous amount of energy and capital on what scholars have termed the "administrative presidency" or an "administrative strategy" (Moe, 1989; Golden, 2000; Lewis, 2003; Rudavelige, 2005; Lewis, 2008). This is government by delegation and oversight.

Furthermore, the centrality of administrative policy making is not confined to the day-to-day activities and strategies of the president and members of Congress. Interbranch conflict, from Reagan through Obama, has come to center on the nature and activities of the federal bureaucracy. This conflict has been further reflected in popular political rhetoric of the past thirty years. Our major political debates have come to center both on how much government should do and how it should act – the how pertaining most strictly to the bureaucracy. The ability to steer bureaucracy directly influences how government intersects, or interfaces, with its citizens. Because citizens primarily interact with government through bureaucrats or at least come to "know" government through experiencing regulations and programs administered by bureaucrats, both party and institutional conflict necessarily come to rest on influencing the nature and prevalence of these interactions.

An understanding of bureaucratic influence in the policy process also goes a long way toward the formulation of criteria for the evaluation of governance. Major decisions in the coming quarter-century regarding the size and power of the federal bureaucracy must be made with a firm understanding of the precise part played by bureaucracy in the policy process and, further, of what is to be gained and lost from reforming or adapting this process. Bureaucracies must balance responsiveness to politics and the general direction of policy suggested by larger macro-political dynamics with problem solving and addressing problems important to citizens and policy makers.

For instance, there exists a need to understand regulatory failure in the context of the politics of the dual dynamics of agenda setting. Potential reforms pursuant to regulatory or service provision disasters such as Enron, Katrina, and the Deepwater Horizon oil rig explosion (and the accompanying environmental fallout) must be made with an eye toward the particular politics that characterize the dual dynamics within which federal agencies operate. Bureaucracies sit at the hub of the dual dynamics engendered by authority relations and expertise.

Finally, political scientists have debated for some time the distinction between responsive and neutral competence (Aberbach and Rockman, 1988; Moe, 1989; Lewis, 2003; Aberbach and Rockman, 2005; Huber, 2007) and the connection of each type of competence to effective governmental performance (Lewis, 2008). To some degree, this debate fails to separate what is

[2] 5 U.S.C. §801–808; P.L. 104–121.

from what should be. The position of the bureaucracy in the American policy process embodies the best and worst features of each perspective – and this is perhaps the most fundamental truth or fault line in the policy process in the United States, a truth that neither bureaucrats nor elected officials can escape. Bureaucrats must monitor the agenda for problems, yet the way in which they search, even the problems that they are able to identify, and the way they become defined are strongly colored by the broader political forces that influence which issues get prioritized in Congress. On the one hand, members of Congress desire, indeed need, to be able to influence bureaucrats and interject when necessary. Yet, on the other hand, their interjecting has the potential to either increase the quantity and quality of information from the bureaucracy or hinder its production. Elected officials must hold the reins of influence, but not too tightly.

1.3 DUAL DYNAMICS, OR "ELMORE'S PROBLEM"

I begin with the assertion that Elmore's observation concerning authority and expertise in organizations holds for government generally. In the American political system, democratic authority and legitimacy flow downward from elected officials to bureaucrats, whereas the information deriving from expertise on which collective decisions are based flows upward from the bureaucracy to elected institutions. The tension created by democratic authority and bureaucratic expertise forms what I call the *dual dynamics* of agenda setting. These dual dynamics create a tension in the policy process because elected officials must influence the bureaucracy, setting out a general direction for policy, yet the bureaucracy supplies the information on which many policy decisions and political calculations are based.

I further assert that the primary function of government is to address policy problems, if not solve them. Though "problem responsiveness" varies with political institutions and even across countries, political institutions and governments in general attempt to address problems important to citizens (Jones and Baumgartner, 2005; Jones et al., 2009; Soroka and Wlezien, 2009). The government is bombarded, almost continually with issues and problems that demand attention. The set of problems confronting government and citizens alike constitute the agenda (Kingdon, 1984). There are many reasons, both political and practical, for taking this problem-centered agenda as a major point of departure. The adaptability of government is critically linked to its ability to define and incorporate new and changed issues in policy making as necessary or as demanded by citizens. For example, much of the earlier discussion around the development of an approach to what is now homeland security revolved around ascertaining the general contours of the problem itself, what relevant issues were involved, and how to understand a problem that spanned the boundaries of several existing issues on the agenda. To understand the

politics underlying the dual dynamics of agenda setting, it is necessary to recognize that these dynamics and the tension they engender occur in a governing system whose primary focus is addressing and processing information about problems.

1.3.1 Leveraging Studies of the Policy Process

Attention to the policy process and research based on the policy process provide a useful lens for coming to grips with the tension created by the dual dynamics of agenda setting. Dual dynamics govern a system whose primary concern is addressing policy problems by detecting, defining, and processing information about real and potential policy problems. Research in the policy process has long focused on the processes of problem definition, agenda setting, and how organizations and government generally deal with the vagaries of limited attention when attempting to process information about emergent issues and problems.

From this vantage point, several implications are important. First, research in the policy process has always understood delegation to bureaucrats and accompanying discretion as the norm in American politics. That delegation is the norm is borne out in the immense amount of attention given to control and influence after the fact by policy makers and scholars alike. However, studies of the policy process usually relegate depictions of the role of the bureaucracy in the policy process to policy implementation or studies of enforcement. In contrast, the argument put here makes bureaucracy central to understanding agenda-setting dynamics and the front end of the policy process in which issues are prioritized and laws are developed.

Second, Congress delegates to the bureaucracy for the purposes of detecting emergent policy problems and generating usable information about these problems, and not simply for purposes of program implementation. Bureaucracies are the main analytical units of government. They are charged with generating a supply of information for decisions and, even more importantly, with informing elected officials about the amount of uncertainty faced by policy makers: bureaucracies inform the system of what is not known.

For example, the U.S. Senate Committee on Agriculture, Nutrition, and Forestry met on February 14, 2013, to discuss the effects of severe weather on the agricultural economy. The hearing is instructive first because the bureaucrats asked to testify were not cabinet-level bureaucrats or under-secretaries, as would be the case when committees are intent on uncovering the preferences and stance of the president in regard to oversight. Instead, the chief economist of the U.S. Department of Agriculture and the director of the National Integrated Drought Information System (of the National Oceanic and Atmospheric Administration) were called to discuss the uncertainty surrounding the abnormally severe weather of the previous year and its likely impact on agricultural

production and markets. This is an indication of the committee's demand for policy-relevant information, rather than for the positioning information usually yielded by calling bureaucrats closer to the president. Second, the two bureaucrats' testimonies centered on the information generated and the forecasts for weather, agricultural production, and market values for these goods. In other words, there was very little oversight in the traditional sense. The hearing served to set the state of knowledge, of what is known, about the particular problem. The final point worth noting in the hearing is that, apart from delivering information on the state of the problem, the testimonies conveyed what is *not known*: they conveyed the uncertainty facing bureaucrats and policy makers alike.

Pursuant to this stance, bureaucrats are influential and derive their autonomy in part from problem expertise. Understanding what constitutes a problem, and thereafter how to understand the problem, is as important as and, in fact, is a prerequisite to, developing and implementing a solution. Moreover, this type of attention-driven problem expertise generates an alternative foundation for the sources of bureaucratic autonomy. Finally, authoritative decisions from political overseers have a strong bearing on the information that the system will be able to produce and the problems it will be able to detect and define in the future. From these implications, one may begin to see the connections between the dual dynamics of political authority and legitimacy and bureaucratic expertise.

1.3.2 Bottom-Up Problem Detection and Definition

To address the array of problems or issues confronting government, two conditions must be met. First, the institutions of government have to be aware that there is in fact a problem. Alongside other notables in an American system defined by pluralist governing arrangements, bureaucracies play a vital role in the policy process in identifying existing and emergent policy problems. Quite simply, bureaucrats are paying attention when problems and concerns have left the halls of Congress and are far from the mind of the average citizen. Bureaucratic influence in the policy process depends on being attentive to problems that bureaucrats monitor at the behest of elected officials.

Once detected, problems must also be defined in such a way that makes government action possible (Dery, 1984; Rochefort and Cobb, 1994). This is an important process because it is integral not only to formulating solutions to the problems (i.e., public policies) but it also allows for the understanding of the problem in terms of simpler dimensions such as preferences and ideologies (Simon, 1947; Poole and Rosenthal, 1997; Jones, 2001). Studies of the policy process have demonstrated sometimes drastic shifts in attention to substantive issues (Baumgartner and Jones, 1993). Whereas preferences over solutions (e.g., market mechanisms versus regulation) are fairly stable, preferences over

problems are not (e.g., risk-accepting financial institutions versus consumer credit).

Finally, how bureaucrats come to understand problems influences the quantity and types of information generated in the policy process. Bureaucracies generate information concerning problems detected and identified and pass this information along to Congress. This information, which itself is derived from how bureaucrats define the problem or issue, becomes part of the basis for congressional decision making. Although ultimately unable to influence congressional decisions to a large degree, bureaucrats often determine the parameters of choice.

1.3.3 Top-Down Prioritization, Synthesis, and Feedback

For Congress, the problem becomes one of prioritizing problems (Jones and Baumgartner, 2005), synthesizing the information generated by the bureaucracy's problem monitoring, and coordinating government activity to address the problems. Even in an institution as robust as the U.S. Congress, attention is limited and zero-sum: attention allocated to one issue necessarily means less attention to other issues or problems. The nature of attention in Congress, indeed in all political institutions, means that Congress is presented with tradeoffs among issues. Prioritizing among these issues is perhaps the most important function of elected officials (and rightfully so in a representative democracy).

In addition to making difficult decisions about the prioritization of the various issues that are on the agenda, members of Congress must synthesize the vast amount of sometimes conflicting information presented about the relative importance and severity of problems. Whereas bureaucracies often operate within issue spaces that are comparatively neatly defined, members of Congress operate in an entropic environment in which issues are often interdependent. Boundary-spanning policy problems such as homeland security, climate change, energy, and food security place tremendous demands on the ability of members of the system to forge a working definition of these problems. This demands the synthesizing of vast amounts of disparate information generated from the bottom of the policy process where bureaucracies monitor existing and emergent problems.

Finally, Congress must coordinate the government's response to the issues that become prioritized. These decisions have far-reaching implications for the performance of the system in regard to future problems, including what information will form the basis of future policy decisions through delegation to particular bureaucracies. Authoritative decisions in Congress favor some problem definitions over others; they also structure the kind of information that bureaucracies will generate in the future and even what types of problems will be detected by government. Put straightforwardly, congressional decision

making strongly influences the types of problems and information that members of Congress will receive in the future from federal agencies.

1.4 MY APPROACH

I begin from the perspective that the administrative state constitutes a system whose primary concern is addressing policy problems by detecting, defining, and processing information about these problems. This concern with addressing policy problems generates the dual dynamics of agenda setting, for which the fundamental principle is the limited attention of all organizations. The bureaucracy generates information on policy problems, fueling political calculations and policy decisions at higher reaches of government. In turn, elected officials adjust the system of problem monitoring pursuant to the information generated by bureaucracy, much like tuning an antenna for better reception and a clearer signal. The theoretical and empirical focus of this research is on the dynamics of bureaucratic signaling about policy problems and how this signaling influences policy making at higher levels of government.

My approach offers a unique perspective on three fronts. First, bureaucratic influence stems primarily from the attention limits of political institutions as opposed to expertise or agenda control. The federal bureaucracy economizes on these attention limits. By paying attention to problems not currently on the institutional agenda of the elected branches of government, the bureaucracy allows the governing system to address many more issues than would otherwise be possible, potentially fostering adaptability and flexibility under a changing agenda.

Second, existing literature based on control or, at least, influence necessarily emphasizes the preferences of bureaucrats and elected officials with regard to policy solutions rather than policy problems. The most typical line of questioning proceeds by asking whether bureaucratic activities and behaviors are reducible (or not) to incentive systems designed by political overseers, because their preferences are stand-ins for citizen preferences. The "problem" is generated from the presumption that bureaucratic activity should be reducible altogether or in great part to popular political will for democracy to function and flourish. I argue instead that there is an important and more dynamic interaction between the bureaucracy and Congress that layers over the development and maintenance of these systems for control and influence. This process – the dual dynamics of political authority and bureaucratic expertise – pertains primarily to setting the agenda for government. Yet, this transmission of information by the bureaucracy and steering of the process by Congress set the stage for a more complete understanding of the development and implementation of solutions and a more complete view of bureaucracy in the policy process.

The theory of dual dynamics draws attention to the ways in which federal agencies signal the dimensions of policy problems relevant to choice at higher levels of government, rather than examining particular preferences with regard