One very early morning not long ago, I struggled out of bed for an early-morning trip to Washington, D.C., from the Philadelphia apartment where we were then living. I rode an elevator down to the lobby and caught a trolley to the 30th Street train station. I emerged from the underground tunnel at the station just as the sun was coming up and just in time to scoot across the street as the “Don’t Walk” signal began flashing. As I waited for the Amtrak train, the barking of a bomb-sniffing dog echoed throughout the concourse. The dog had not spotted a suspicious package—it was a pup in training and was struggling to focus on the job instead of all the fascinating people milling around the platforms and the breakfast snacks just out of paw’s reach. The train, fortunately, was on time, and it was a pretty ride, with the rising sun shining on the Chesapeake Bay, before rolling into Union Station at the foot of Capitol Hill. A quick trip on Washington’s Metro subway got me to a meeting in a nearby federal office building.

This tale, of course, is about more than the trip of a sometime road warrior and textbook author. It is also a map of government—and government administration—in action. The Philadelphia elevator had an inspection sticker certifying that the Pennsylvania Department of Labor and Industry had found the elevator safe, for which I was grateful (since it would have been a fourteen-flight fall down the shaft to the basement). The inspection might have been performed by a private company licensed by the state, but the state government stood behind the certificate pasted on the elevator’s wall. The Southeastern Pennsylvania Transportation Authority (SEPTA), a regional organization stretching across a collection of local governments and three states, ran the trolley. The city of Philadelphia’s Traffic Engineering Division managed the “Walk/Don’t Walk” signal. The excited puppy was an employee of Amtrak’s own police department and had the vest to prove it. Amtrak is really the National Railroad Passenger Corporation, a quasi-governmental corporation that operates like a private company but is controlled by government officials and subsidized by public money. Maryland’s Chesapeake Bay is more scenic because of the efforts of Pennsylvania, Virginia, and Maryland, in concert with the U.S. Environmental Protection Agency, to ensure the waterway

CHAPTER OBJECTIVES

• Understand where government has grown in recent years—and where it hasn’t
• Examine the variations in government’s programs and tools
• Explore how these variations affect the study and practice of public administration
is clean. Like SEPTA, Washington’s Metro system is a regional transportation authority, involving two states and the District of Columbia. Its stations contain hidden security devices to detect terrorist threats, with security provided by a complicated network of federal, state, regional, and local law enforcement agencies. Before I had fully awakened, I had encountered the vast reach of public administration.

Consider the way you started your day today. The alarm on your smartphone might have awakened you, and that smartphone is subject to a large number of government regulations, especially to prevent interference with the electronic signals that flood our environment. A trip to the toilet means an encounter with local plumbing regulations, while brushing your teeth connected you with the federal Food and Drug Administration, which regulates the content—a claim—of toothpaste. Your coffeemaker connects with a government-regulated electricity grid, and the pod you put into the coffeemaker had to meet federal standards. There was government-regulated labeling on the cream you used in the coffee and, ifyou grabbed a breakfast bar, its contents had to comply with federal regulations. Your bed, of course, was regulated to prevent it from igniting and your pillow probably carried, at least once upon a time, the “do not remove under penalty of law” tag about its contents. (You can remove the tag, but the store can’t remove it before you have a chance to see it.) Your local government set standards to make sure that the floor of your bedroom didn’t collapse under the weight of its contents. Your day was only minutes old, and you had already encountered a large number of government agencies without even opening your front door (which, by the way, was probably certified to meet fire protection standards).

None of us can start our days without bumping into government. The water we drink, the cars we drive, the bicycles we pedal, the streets we walk—all are the products of government bureaucracy in action. We take it all for granted, except when we see a problem that we want to have solved, and, when that happens, we expect the highest levels of service. Indeed, over the years, public administration’s role in society has become so pervasive that we often speak of the rise of the administrative state. In fact, political scientist Dwight Waldo wrote a doctoral dissertation by this title and published it in 1948. Since then, bureaucratic power has been the focus of huge debate. Some critics have condemned the growth of government and its power. More sympathetic observers have seen it as part of an inevitable—even desirable—reaction to the growing complexity of social problems and Americans’ demands to solve them. Some fear that the growth of government has empowered nameless, faceless bureaucrats with greater control over our lives. Others point to government’s help in solving big problems. Some plead for making government work more like a business. Others argue that government and business are so fundamentally different that corporations can’t teach public organizations very much. But one thing seems certain: When trouble strikes, whether it’s a giant superstorm that savages the East Coast, a tornado that pulverizes an Oklahoma city, a terrorist attack in San Bernardino, or a water crisis in Flint, Americans look to their government for help.

These debates have produced a wide array of approaches to the study of public administration, but one issue dominates: administrative responsibility. Americans expect—they insist—that the bureaucracy be held accountable to elected officials and, through these officials, to the people. Critics sometimes complain that government bureaucracy has no bottom line. In fact, government does have a bottom line: administrative responsibility, not only for administering programs efficiently but also for ensuring that both the process and its results are accountable to elected officials and, ultimately, to the people. Americans care deeply about what government does—whether its agencies pick up the trash promptly and
regularly or prevent dangerous food products from being sold in stores—and about how it does it, including making sure that people are treated fairly and that government officials do not abuse their power. How government works is key to the politics of the administrative process. And nothing is more central to these politics than the ongoing, often fierce debate about the size of government.

**DIVING INTO DATA**

**What Do Firefighters Really Do?**

When most of us think of the fire department, we think of big trucks noisily making their way through crowded streets, and we imagine that they are hurrying to the scene of a fire. In fact, fire calls that turn out to be fires represent less than 4 percent of the total. The share of actual fires has fallen to a small fraction of what it was in 1980. In fact, there are twice as many false alarms as actual fires. There are almost as many responses to hazardous materials and other hazardous conditions as actual fires. And there are sixteen times as many responses for medical aid as for fires. All of those represent enormous changes in the last generation (see Table 2.1).

Firefighting, however, varies enormously across the country (see Figure 2.1). Just 9 percent of all fire departments in the country have full-time firefighters, although they account for a third of all firefighters. In comparison, two-thirds of all firefighters are volunteers.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TOTAL (%)</th>
<th>FIRES (%)</th>
<th>MEDICAL AID (%)</th>
<th>FALSE ALARMS (%)</th>
<th>MUTUAL AID (%)</th>
<th>HAZARDOUS MATERIALS (%)</th>
<th>OTHER HAZARDOUS CONDITIONS (%)</th>
<th>OTHER (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>100.0%</td>
<td>27.6%</td>
<td>46.6%</td>
<td>8.3%</td>
<td>2.5%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>14.9%</td>
</tr>
<tr>
<td>1985</td>
<td>100.0%</td>
<td>19.9%</td>
<td>54.4%</td>
<td>7.9%</td>
<td>3.3%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>14.5%</td>
</tr>
<tr>
<td>1990</td>
<td>100.0%</td>
<td>14.7%</td>
<td>55.8%</td>
<td>10.8%</td>
<td>3.5%</td>
<td>1.5%</td>
<td>3.1%</td>
<td>10.5%</td>
</tr>
<tr>
<td>1995</td>
<td>100.0%</td>
<td>12.0%</td>
<td>57.2%</td>
<td>10.2%</td>
<td>3.8%</td>
<td>1.6%</td>
<td>2.9%</td>
<td>12.4%</td>
</tr>
<tr>
<td>2000</td>
<td>100.0%</td>
<td>8.3%</td>
<td>59.7%</td>
<td>10.4%</td>
<td>4.2%</td>
<td>1.6%</td>
<td>2.6%</td>
<td>13.2%</td>
</tr>
<tr>
<td>2005</td>
<td>100.0%</td>
<td>6.9%</td>
<td>61.8%</td>
<td>9.2%</td>
<td>4.7%</td>
<td>1.6%</td>
<td>2.9%</td>
<td>12.9%</td>
</tr>
<tr>
<td>2010</td>
<td>100.0%</td>
<td>4.7%</td>
<td>65.7%</td>
<td>7.8%</td>
<td>4.2%</td>
<td>1.4%</td>
<td>2.3%</td>
<td>13.9%</td>
</tr>
<tr>
<td>2015</td>
<td>100.0%</td>
<td>4.0%</td>
<td>63.9%</td>
<td>7.6%</td>
<td>4.4%</td>
<td>1.3%</td>
<td>1.9%</td>
<td>16.8%</td>
</tr>
<tr>
<td>2016</td>
<td>100.0%</td>
<td>3.8%</td>
<td>64.4%</td>
<td>7.4%</td>
<td>4.3%</td>
<td>1.2%</td>
<td>1.9%</td>
<td>16.9%</td>
</tr>
</tbody>
</table>


(Continued)
FIGURE 2.1 U.S. Fire Department Profile

2017 U.S. Fire Department Profile

- **Firefighters**
  - 1,056,200 total firefighters
  - 7% are women
- **35%** of U.S. firefighters are career firefighters, while 65% are volunteer firefighters.
- 42% of volunteer firefighters have 10+ years of active service.

- **Fire Departments**
  - 29,819 total departments
  - 9% All Career
  - 8% Mostly Career
  - 18% Mostly Volunteer
  - 65% All Volunteer

However, 52% of the U.S. population is protected by the "All Career" fire departments.

- **Apparatus & Stations**
  - Pumper: 66,400
  - Aerial Apparatus: 7,200
  - Other Suppression Vehicles: 71,900
  - Stations: 51,000

Questions to Consider

1. What do you think accounts for the big changes in fire patterns? Consider, in particular, the rapid changes in building codes and the ways they’ve made buildings far safer than in the past.

2. What are the implications of such a large share of fire departments responding to provide medical aid? Consider the training requirements that firefighters need (what share of firefighters’ training should be devoted to the techniques of putting out fires versus providing first aid?), the equipment that a fire department needs to buy (does it make sense to purchase big ladder trucks, which sometimes roll to the scene of someone struggling with a medical emergency?), and the fire department’s broader strategies of leadership and communication (how should its role be presented to citizens?).

3. Many fire departments are dealing with big decisions about what new equipment to purchase. What would you recommend?

4. Most of the nation’s fire departments are staffed by volunteer firefighters. What implications does this have for the welfare and safety of citizens? Do you believe that this is a good strategy?

The Size of Government

Especially since the end of World War II, citizens have demanded far more services from government—better roads, a stronger safety net, safer food, better mass transit, more effective schools, and even better public colleges and universities. New programs and more ambition led to the creation of more government agencies, more government workers, and more government spending. As Dwight Waldo pointed out, this not only led to a bigger bureaucracy; it also created demand for ensuring that a bigger bureaucracy did not threaten our strong and vibrant democracy.

Five Myths about “Big Government”

Americans often complain about big government, and legions of politicians have campaigned for office by running against it. Most of what we think we know about big government, however, is wrong. Consider these five myths.

1. Washington is the center of the “big government” problem.

In his first inaugural address, Ronald Reagan boldly argued, “Government is not the solution to our problem; government is the problem.” Nothing loomed bigger in Reagan’s diagnosis than that the best way to drive the country forward is to take power out of Washington and send it back to the states and to the people.

The only problem with that argument is that we already did it—long ago. Most American government isn’t federal, and most federal government isn’t in Washington. Just one-eighth of all government employees in the United States work for the federal government. Nearly two-thirds work for local governments as teachers, firefighters, police officers, emergency responders, and sanitation workers. Most government in the United States is local government (see Figure 2.2).
How about federal workers? About five in six federal employees work outside the Washington, D.C., metropolitan area. Most federal government in the United States is local government, too: the workers who process Social Security applications, manage air traffic control, provide security at airports, and take care of the national parks. So one in eight government employees works for the federal government, and one in eight federal employees works in Washington, D.C. Federal employees in the D.C. area make up less than 2 percent of all government workers in the country. Washington isn't the center of real government action in this country. We'll circle back to this issue shortly.

2. Government once was much smaller.

Suppose we wanted to take government back to the same size it was in Reagan's last days in office. That would take some doing: We'd have to go on a hiring binge and bring in 400,000 more federal employees. At the end of Reagan's term, the federal government had just over 3 million civilian employees, compared with just over 2.6 million in 2016. Since Reagan left office, of course, we created the Transportation Security Administration (TSA) after September 11, 2001, and we made all the airport screeners into federal workers. So a real back-to-Reagan strategy would require hiring even more feds—51,000 additional employees, in fact, to account for the TSA. The federal workforce, after taking account of airport screeners, is now 15 percent smaller than in Reagan's day.

But what about federal spending? Isn't that also a gauge of "big government"? Yes, it is—but federal spending as a share of the economy (as measured by the gross domestic product, the total of goods and services produced in the economy) is actually less than it was at the end of the Reagan years: 20.5 percent of the gross domestic product in 1989 versus 16.7 percent estimated for 2022. What's changed is what's inside. Spending on entitlements—government spending to which recipients are automatically entitled by law, usually through a formula enacted in

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**FIGURE 2.2 State and Local Employees (2014)**

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary/Secondary Ed.</td>
<td>2,077,077</td>
</tr>
<tr>
<td>Higher Education</td>
<td>978,816</td>
</tr>
<tr>
<td>Hospitals</td>
<td>905,254</td>
</tr>
<tr>
<td>Police Protection Total</td>
<td>701,112</td>
</tr>
<tr>
<td>Corrections</td>
<td>506,013</td>
</tr>
<tr>
<td>Health</td>
<td>491,042</td>
</tr>
<tr>
<td>Highways</td>
<td>434,696</td>
</tr>
<tr>
<td>Judicial and Legal</td>
<td>407,597</td>
</tr>
<tr>
<td>Financial Administration</td>
<td>394,657</td>
</tr>
<tr>
<td>Fire Protection Total</td>
<td>345,988</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>171,239</td>
</tr>
</tbody>
</table>


*Note: Figures are for full-time equivalent employees.*
law—grew from 47 percent to 70 percent of all federal spending from 1989 to 2017. Most of that, of course, is in Social Security and Medicare. Big government or not, no one really wants to cut these two programs.

If we really wanted to go back to the Reagan days, in terms of how much discretionary spending we budget, we’d have to boost defense spending from 3.3 percent to 5.5 percent of the economy. That would be a budget-buster. Or, if we decided to do that, we’d have to cut entitlements by nearly a third to get back to the Reagan days. That would take away billions from the Social Security checks of retirees and billions more from the health care on which they rely.

3. We could cut a lot of government spending by cutting the number of government employees.

A host of plans have surfaced during presidential campaigns. There’s an underlying assumption that every government agency has enough fat in it that it would be easy to make big cuts and no one would really notice the difference.

However, we’ve already pushed much of the federal government’s work out the door. Nine of every ten dollars in the Department of Energy, one of the departments often proposed to be abolished, is already being spent on contractors, mostly on maintaining the nation’s nuclear weapons arsenal, cleaning up the waste from two generations of weapons production, and researching the next generation of nuclear weapons defense. We wouldn’t do away with these functions if we closed down the department—we’d continue to rely on contractors to do the job. We spend about $560 billion per year on contracts throughout the federal government, on everything from drones and advanced fighters to planning and support in civilian agencies.

Consider how we manage Medicare and Medicaid, the federal government’s health care programs for the elderly and the poor, and the Children’s Health Insurance Program. Together, these programs account for more than $1 trillion in spending, about one-fourth of the federal budget. They are managed by just 4,100 employees—0.2 percent of all federal employees—who work in the Centers for Medicare and Medicaid Services (CMS). That’s simply stunning. Cutting back on government employees here—and throughout the government—puts enormous amounts of money and services for citizens at risk because many federal employees don’t deliver services. They leverage the nongovernmental partners who do, and weakening their leverage puts money at risk.

4. We could save a lot of money by eliminating fraud, waste, and abuse.

One of the things that everyone seems to know about the federal budget is that it’s full of waste, fraud, and abuse. The media are full of programs that don’t seem to work, like the Department of Veterans Affairs’ long waiting list for vets, and anecdotes about waste, like feather-bedding employees.

A look at the government’s biggest problems, however, shows both that there’s a lot of waste in government and that it’s possible to cut it—but this takes hard day-to-day work, not an axe. There’s no line item for waste in the budget to slash. Rather, the problems are marbled into the government’s operations, and excising them takes extraordinary skill. Moreover, consider the Government Accountability Office’s (GAO) list of the worst-of-the-worst, its “high-risk
list” of thirty-five programs most prone to problems. At least twenty-five of these programs are there because managers are struggling to deal with huge problems in navigating complex programs across boundaries—contracts with private companies, arrangements with state and local governments, or coordination with other agencies that share a piece of the problem. Since 1990, the GAO has put sixty-two programs into this hall of shame, but twenty-six of them (42 percent) have escaped. How? Good managers are doing good management.

The GAO found that about one in every ten Medicare dollars is part of government’s improper payments problem. But that can’t be reduced by decree or willpower. It would take careful sleuthing to track down unscrupulous health care providers charging twice for the same wheelchair or padding the bills for drugs. And that requires government managers who know what they’re doing.

Cutting waste, fraud, and abuse is certainly possible. But doing so usually requires more good managers who know how to cut out the marbled waste without destroying the steak. An axe, swung haphazardly, would only make waste worse and turn government’s steak into an indigestible pulp.

5. Abolishing agencies will shrink the government.

There is a long list of federal agencies that candidates have proposed for the chopping block, including the Environmental Protection Agency (EPA) and the Departments of Education, Energy, Commerce, and Housing and Urban Development (HUD). However, it’s a lot easier to erase the names of agencies than to wipe out the functions they perform—and on which citizens depend. Who would operate the satellites, collect the data, and run the supercomputer models that predict the paths of storms like Superstorm Sandy (as the National Weather Service does in Commerce)? Who would take care of the nation’s nukes (as the National Nuclear Security Administration does in Energy)? Who would run the nation’s student loan programs, now larger than credit card debt, auto loans, and homeowner lines of credit (as Education does)? Who would help communities reduce lead paint exposure in homes (as HUD’s Office of Lead Hazard Control and Healthy Homes does)? No one likes the IRS. In fact, no one has ever really liked revenue agents. However, to pay for what we expect government to do, someone must pay the taxes and someone must collect them.

None of this is an excuse for government doing stupid things, or for doing well-intentioned things in inefficient ways. But if we’re really serious about cutting down government’s reach into our lives, we need to get past the myths of big government and figure out how to make the government we insist on work well. That doesn’t require more government, but it surely requires a smarter one. And, at the core, it requires an effective public administration. So let’s explore the question of government, its size, and its functions, in more detail.

Number of Governments

The first step is counting the number of governments we have in the United States. This task turns out to be much more complicated than it might first appear. We have, of course, one federal government and fifty state governments. But, as Table 2.2 shows, the United States has a very large number of local governments—more than 90,000 in fact. Local governments are the foundation of public administration in the United States, from police and fire to sanitation and education. In fact, the public administrators citizens are most likely to see and connect with are local government officials.
TABLE 2.2  Number of Government Units

<table>
<thead>
<tr>
<th></th>
<th>1942</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>State</td>
<td>48</td>
<td>50</td>
</tr>
<tr>
<td>Local</td>
<td>155,067</td>
<td>90,075</td>
</tr>
<tr>
<td>Total</td>
<td>155,116</td>
<td>90,126</td>
</tr>
<tr>
<td>County</td>
<td>3,050</td>
<td>3,031</td>
</tr>
<tr>
<td>Municipal</td>
<td>16,220</td>
<td>19,495</td>
</tr>
<tr>
<td>Towns</td>
<td>18,919</td>
<td>16,253</td>
</tr>
<tr>
<td>School district</td>
<td>108,579</td>
<td>12,754</td>
</tr>
<tr>
<td>Special district</td>
<td>8,299</td>
<td>38,542</td>
</tr>
</tbody>
</table>


More than half of local governments are special-purpose governments, such as school districts and special districts, with functions including water and sewer systems, airport operation, cemeteries, dikes and drainage, regional fire protection, flood control, libraries, mosquito control, parks, regional bus service, weed removal, and garbage collection. These districts have three things in common: a narrow focus on which they concentrate their work; some kind of governance structure, often through appointed or elected boards; and taxing authority, either through general taxes or special user fees (where citizens pay for the services they get, like bus fares or water bills).

HBO’s Last Week Tonight, hosted by comedian John Oliver, actually spent most of one episode exploring these special districts. Oliver found that these special districts spend more money than all of the Russian military and that many of them have board meetings so sparsely attended that, in some cases, only a couple of board members are present. In a 2012 study, Kentucky’s state auditor, Adam H. Edelen, found that these special districts were “the most prevalent and least understood level of government” in the state. Edelen was surprised by what he found: “It is a scandal that for generations no Kentuckian could answer basic questions as to the number of special districts, nor how much they tax, fee, spend, or hold in reserves.” These special districts cost Kentucky taxpayers more than the cost of running their counties. Their work, Edelen concluded, was critical to the services that citizens expect, but the lack of transparency and accountability was “scandalous.” The districts, he said, constituted a collection of “ghost governments” that required upgrades in technology, training, and rules to improve the way they answered to citizens.
Not all special-purpose governments share these problems. Many of these governments are large, robust, and professional, like the school districts that provide education in many of the nation’s cities. But these governments raise particular challenges for public administration, especially since the problems have been increasing, more than quadrupling in number since 1942 (see Table 2.2).

Some parts of the country, moreover, tend to have more local governments than others, special-purpose and otherwise. The Midwest tends to have far more local governments, both in total and by state, than any other part of the country. A large variety of cultural reasons can explain this, from the instinct of the region’s settlers to create large numbers of small towns to a high reliance on special districts. Grand Forks, North Dakota, ranks first in the country with the most number of governments per 10,000 in population, with 12.2. Among major cities, Pittsburgh has 2.0 governments per 10,000 in population. Las Vegas ranks at the other end of the spectrum, with just a handful of governments for its more than 640,000 residents. This is all part of the rich fabric of government in the United States—and of local government in particular.

**Government Employment and Spending**

Measuring the size of government, beyond counting the number of governmental units, turns out to be very difficult. But let’s start looking at the size of government by looking at the number of government employees.

At the federal level, the total number of federal employees grew rapidly in the last century, from just 231,000 in 1901 to 2.2 million in 2020. That’s more than a ninefold increase. However, over the same time period, the U.S. population has grown as well. As a share of the population, however, the number of federal employees isn’t much larger now than it was in 1920, after factoring in population growth. Federal employment grew rapidly during World War II, increased during the expansion of government programs through the Great Society of the 1960s, and then began tapering off.

In fact, the total number of federal government employees is smaller than it was in 1970. The real growth in the number of government workers has come at the state and local levels, where the number of government workers has nearly doubled over the same time. There are nearly twice as many state government workers as in the federal government, and there are more than twice as many local government workers as in the state government.

Some of these changes undoubtedly are because of population growth. In the sixty years after 1950, the country’s population doubled, so we might expect that we’d need more government workers to provide services to so many more people. In fact, however, the number of federal employees per thousand citizens has dropped by one-third. The number of state and local government employees has more than doubled. So when we look at where government has grown, at least in the number of government employees, we need to look at state and local governments.

And what do state and local employees do? The largest category is teachers, in elementary and secondary schools (at the local level) and in colleges and universities (mostly at the state level). After that come hospital workers, police officers, and corrections officers. In fact, there are three times as many elementary and secondary teachers as there are civilian employees in the entire federal government.

Compared with other countries, in fact, the United States is distinctive in having such a large share of its government workers below the national level (see Figure 2.3). It joins other governments with federal systems, where power is shared across the national and subnational levels, in having about 15 percent of all government employees in the national government. Compare that
**FIGURE 2.3** Government Employment around the World

![Graph showing government employment around the world]


with countries like Ireland, Turkey, and New Zealand, where the national government performs almost all functions and has almost all government employees.

How does American government spending compare with other countries? Compared with spending at all levels of government among major industrialized nations, the United States ranks near the bottom, about the same as Estonia, Russia, and Brazil (see Figure 2.4). In contrast, Denmark, Sweden, Finland, and France spend almost twice as much on their governments, as a share of their nation’s wealth. At least in terms of spending, Americans think that their government is big—but in many countries, it’s much bigger.

How does this add up? It’s scarcely a portrait of explosive, big government. The number of employees has grown, but only in proportion to population growth, and mostly at the state and local government levels. There hasn’t been a large increase in the number of feds. On the international stage, American government is about average in the number of employees, and it’s relatively small in spending. The number of American governments has grown, but mainly...
FIGURE 2.4 Government Spending as a Percentage of Gross Domestic Product (2017)

to serve special purposes that have accompanied the growth of the nation’s populations. These conclusions certainly don’t match popular perception, but they’re the underlying bedrock of public administration.

What Government Does

Government is a complex collection of services, much of which are hard for us to see and, sometimes, to avoid taking for granted. Consider these snapshots of government in action:

- The Social Security Administration distributed 64 million monthly payments, totaling $1 trillion in benefits in 2019. Nine out of ten individuals over the age of 65 receive Social Security benefits, which amount to a third of their income. Among the elderly, more than one in five married couples and almost half of unmarried persons rely on Social Security for 90 percent or more of their income. The program has been a major force in dramatically reducing the poverty of older Americans.\(^{10}\)

- In 1989, the Federal Deposit Insurance Corporation (FDIC), best known for its bank-window stickers promising $100,000 insurance for each account, took over the management of two hundred financially troubled savings-and-loan institutions. As part of this process, the FDIC found itself the temporary owner of 12 percent of the Dallas Cowboys football team. Even fans in other parts of the nation had to grudgingly admit that, for a time, the Cowboys were America’s team.\(^{11}\)

- Inspectors for the Food and Drug Administration, alerted in March 1989 to the possibility that terrorists might attempt to poison imported fruit, managed to find two grapes—in a shipment of 364,000 crates of grapes—that had been injected with cyanide.\(^{12}\)

- In just the month of April 2019, the City of New York Fire Department responded to 2,155 structural fires, with an average response time of just four minutes and twenty-six seconds. There were more than ten times as many medical emergencies that month—27,904—and help arrived in four minutes and forty-nine seconds, even in the city’s famously snarled traffic.\(^{13}\)

- The Port of Los Angeles is the nation’s busiest port. Managed as a department of the City of Los Angeles, its facilities handle $284 billion in cargo per year, including 236,956 imported cars.\(^{14}\)

- Ohio State University enrolls more than 64,000 students, making it the largest campus in the country. The University of Michigan, of course, would counter that it has the largest football stadium in the country. The “Big House” seats almost 110,000 people, and every seat is filled for the game with Ohio State. Since these two Big Ten schools are state universities, they’re part of the state bureaucracy. Engineers promised a big increase in noise on the field following renovations, in the hope of rattling opposing players.

The scope of the American government’s activities is nothing short of remarkable. From controlling drug safety to researching AIDS, from protecting the food supply to
Part I

The Job of Government

protecting the nation’s finances, from arresting criminals to protecting waterfalls, government agencies oversee an amazing variety of services. Public administration is central to all of these functions.

Not surprisingly, the functions of government are different at each level of government. As Table 2.3 shows, the federal government has primary responsibility for national defense, although the states run the National Guard. The federal government also runs the Postal Service and conducts space exploration, and it spends more than the other two levels of government put together on veterans’ services, protection of natural resources, and entitlement programs like Social Security. State governments have primary responsibility for higher education, welfare, highways, and prisons and jails. In some states, liquor stores are government-owned monopolies. In Pennsylvania, for example, a former liquor control board commissioner was also a wine aficionado, and state liquor stores featured his “chairman’s selections” — a government official was also serving as the state’s quasi-official wine steward. Finally, local governments carry primary responsibility for basic services such as fire protection, police, and elementary and secondary education. For a few services, including health and hospitals, governmental responsibilities are balanced among the levels of government.

Although most government functions are concentrated in one level of government, there’s almost no area in which a level of government has exclusive responsibility for any major function. Federal and state governments provide aid to local schools and set broad policies. Local governments pass resolutions on foreign policy questions. In short, America’s public administration system is part of the nation’s system of federalism, and that system is a world of blended functions. On any issue that matters, many Americans want a voice, and there are few barriers to governments getting involved in important questions. This blended system is a logical product of America’s politics and rich history,

<table>
<thead>
<tr>
<th>TABLE 2.3</th>
<th>Concentration of Government Spending</th>
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<tr>
<td><strong>LEVEL OF GOVERNMENT WITH PRIMARY RESPONSIBILITY</strong></td>
<td><strong>FEDERAL</strong></td>
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<tr>
<td>Defense</td>
<td>Higher education</td>
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<tr>
<td>Postal Service</td>
<td>Welfare</td>
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<td>Space</td>
<td>Highways</td>
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<tr>
<td>Veterans’ services</td>
<td>Corrections</td>
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<td>Natural resources and environment</td>
<td>Inspections</td>
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<td>Social Security</td>
<td>Liquor stores</td>
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<td>Homeland security</td>
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*Note: “Primary responsibility” means accounting for more than 50 percent of direct government spending for the function.*
but it also creates many of its administrative cross-pressures. Political imperatives lead to shared policymaking; shared policymaking means that no single level of government has full responsibility for anything. This fundamental political reality muddies accountability and vastly complicates performance.

**How Government Does It**

This story of mixed policymaking and policy administration is the cornerstone of American public administration. It explains how government could extend its reach without expanding its workforce. And it explains why accountability and performance so often seem difficult, since rarely is anyone fully in charge of anything and many hands share responsibility for results.

One helpful way of understanding the work of government is to see public administration not just as a collection of departments, bureaus, and agencies but as a collection of basic tools, which organizations and their leaders operate. As Christopher C. Hood puts it:

> We can imagine government as a set of administrative tools—such as tools for carpentry or gardening, or anything else you like. Government administration is about social control, not carpentry or gardening. But there is a toolkit for that, just like anything else. What government does to us—its subjects or citizens—is to try to shape our lives by applying a set of administrative tools, in many different combinations and contexts, to suit a variety of purposes.\(^{15}\)

Some of these tools are **direct tools**—including the provision of goods and services, such as police and fire protection; income support, such as Social Security; and the cost of doing business, such as basic organizational management and the payment of interest on the national debt. As we move from the federal to the state and then to local governments, the administrative tools are more likely to be direct: From local ambulances to libraries, or from schools to criminal justice, local administration is most likely to be **direct administration**. This is the approach that comes to mind most often when we think of government, and it matches the model that citizens and policymakers alike carry around in their heads. Government is a vending machine into which policymakers load programs, insert money, and wait for goods and services to pop out. When the wrong things come out of the machine, the answer is to tinker with its mechanisms. If the price goes up, then the machine can be reset to take more money. As long as government was direct, the vending machine fit the popular model, and improving public administration remained a matter of adjusting its parts.\(^{16}\) (See Figure 2.5 for how government spending overall has grown.)

But government has also undergone a quiet revolution—the development of a government by proxy through **indirect tools** of action.\(^{17}\) Such indirect tools include contracting out governmental programs to nongovernmental partners, disbursing grants to encourage other levels of government to do things they might not otherwise have done, regulating behavior to change private-sector actions, handing out vouchers to allow citizens to purchase services from private organizations, and administering loan programs to enhance the ability of individuals and private organizations to borrow private money to pursue public goals. We will return to a detailed examination of these issues when we examine policy implementation in Chapter 12, but a brief excursion through these tools now will help set the stage for the discussions to follow.
Contracts

While governments have always relied on contracts—to feed and supply armies, for example—their use has increased markedly since World War II. The growing complexity of government has led to greater reliance on private-sector experts and outside organizations. In a contract, government administrators sign a formal agreement with private parties: The government agrees to pay a certain amount of money in exchange for a good or a service.

The reach of contracts is long and sweeping. Consider America’s long and painful war in Afghanistan. Just a month after the terrorist attacks of September 11, 2001, the United States and a collection of allies launched a major counterattack to root out the al Qaeda organization that had planned the September 11 attack, to disrupt any future attacks, and to get al Qaeda’s leader, Osama bin Laden. The Obama administration finally did get bin Laden, in a daring 2011 raid by Navy Seals in neighboring Pakistan, but the war dragged on for years afterward. From the beginning, the Pentagon’s strategy was to keep the size of deployed forces as small as possible. Following a surge of troops in 2011, for example, there were nearly 100,000 soldiers in the country. But supporting the troops was a vast army of civilian contractors. At the end of 2008, for example, there were 2.2 contractors for every U.S. soldier, including American and international workers, as well as tens of thousands of local contractors hired to support the war effort. For most of the war, American troops accounted for less than half—and sometimes only a third—of the force sent to root out al Qaeda. Recruiting enough soldiers to fight the war would have been very difficult, and the
contracting strategy allowed the military extra flexibility. But relying on so many contractors vastly complicated the war-fighting effort and the problem of ensuring accountability for the use and support of force.

Contract administration thus requires the government to employ officials to set the standards for contracts, to negotiate effective programs at low prices, and to oversee the results that contractors produce. While newspaper stories about Pentagon contracting scandals remind us about both the scope of federal contracting and how difficult it can be to administer contracts well, they disguise the degree to which government at all levels relies on contracting. From the management of cafeterias in federal office buildings to the construction of roads by local governments, contractors play an important role in many governmental activities. The effective management of contracts poses a growing challenge for public administrators.

**Grants**

Much governmental activity occurs between levels of government. Sometimes one level of government wishes to provide financial assistance to another level—often to encourage other governments to do what they could not otherwise afford or might not otherwise choose to do. Sometimes one level of government wants to induce another level to perform a certain service in a particular way. For example, the federal government created the interstate highway system to encourage state governments to build modern high-speed roads; it provided 90 cents of every construction dollar, and the states naturally found the funds irresistible. In fact, the use of this tool dates from the Ordinance of 1787—before the drafting of the Constitution—which provided land grants to the states for education. Since then, federal grants have been used for everything from supporting land-grant colleges to helping states provide medical care for the poor. Many state governments provide a large share of the support for local schools, to help improve the quality of education and to level out the financial disparities among local governments. As Donald Haider argues, “federal grants are the oldest, most widely used, and probably the best-understood tool that the federal government has available to carry out public policy.”

The administration of grants differs significantly from direct administration and from administration through contracts. Administrators at one level must supervise administrators at another, but they cannot command actions or write contracts. Most often, grants work by providing incentives for state and local governments to act, but also to use their own judgment on how to administer programs. This creates another complex front on which to weigh the issues of politics, performance, and accountability, and it incorporates new challenges for administration.

**Regulations**

As the beginning of this chapter makes clear, we can’t even get out of bed in the morning without encountering government regulation, for it dictates the disclosures about the content of the bed on which we sleep, the strength of the floors on which we walk, the safety of the electricity that powers our alarm clocks, the labels on our orange juice, and almost everything else we touch before we even leave our homes. We often refer to this as the world of red tape. The term has long historical roots; it comes from the brightly colored ribbon used to tie up documents presented to the English king in centuries past. After the American Civil War, veterans had to show proof of their service to receive their pensions. The war records were bound in red ribbon, so government officials had to “cut the red tape” to get the papers. Since then, “red tape” has captured the image of a government tied up in its own rules. We often complain bitterly about red tape and look for
After the Civil War, the government collected the service records of soldiers and organized them by tying them with red ribbons. When soldiers applied for pensions, the records needed to verify their claims were literally “tied up in red tape.” To approve their applications, officials had to “cut the red tape.” Those phrases have lived on to this day.

Regulatory programs can significantly expand government’s power while spending relatively little money. A mere handful of government regulators can promulgate extensive and costly rules that apply to entire industries or large segments of the population. Even the volume of regulations—there are more than two hundred volumes in the Code of Federal Regulations, the federal government’s compendium of rules—does not provide a really good gauge of the size or scope of federal regulations. The rules are wide ranging: There are twenty volumes of rules on agriculture, eighteen covering the IRS’s tax regulations, and one on the Panama Canal. A casual look around us shows the breadth and importance of regulation by all levels of government. Federal food experts found the tainted grapes. State regulators check the management of many banks and insurance companies. Local inspectors ensure the accuracy of the scales grocery stores use to measure and charge for our food. Everything from the cars we drive to the gas we put in them, the bicycles we pedal, the clothes we wear, the banks we use, the air we breathe, the food we eat, and the airplanes in which we fly is covered by regulations—and by public administrators who write and enforce these rules.

**Tax Expenditures**

Governments at all levels include a wide variety of features in their tax codes to give individuals and taxpayers special advantages in paying their taxes. These features do more than ease taxpayers’ burdens. They serve as incentives to promote many different social and economic policies to encourage taxpayers to do some things and avoid doing others. Such tax advantages are called by a variety of names—tax breaks, tax loopholes, and tax expenditures (which is the term we use, to emphasize their relationship to regular spending). Tax expenditures reduce someone with a sharp knife to cut through complications. This is one more way that government can increase its reach into our lives without increasing its size. A relatively small number of government administrators can write rules that affect us all. But we often want this to happen—we expect government to ensure that our elevators and cars are safe, that companies don’t pollute our drinking water, and that we get a fair shake at tax time. We might hate the process, but we also insist that it work well. Regulation is one more way that the government increases its reach into our lives without increasing its size.
the cost of homeownership and thus encourage taxpayers to buy rather than rent their homes, for example. The interest taxpayers earn on state and local government bonds is another example of a tax expenditure that is exempt from income taxes, which thereby reduces the cost of state and local government borrowing. The special tax breaks for oil and gas exploration encourage more exploration for these resources.

Most state income taxes use federal tax law to structure their systems, so federal tax expenditures spill over into the state level as well. Moreover, many local governments have devised their own special tax preferences, especially those designed to promote economic development. Many local economic growth programs, including enterprise zones and tax increment financing zones, create special tax abatements to encourage investment in economically depressed areas. For many economic development projects, the tax breaks can provide incentives. State and local governments view them as investments in the future.

Proponents of tax expenditures often promote them as “free” programs. The government does not have to budget or spend any money on these programs, and that hides their cost—which, of course, is real. They are scarcely free: Tax expenditures cost the government money, by taking away from current and future revenues instead of adding to the pool of money for spending. Moreover, because their cost is relatively hidden—estimates for federal tax expenditures are buried deep inside the budget in a place only real tax policy wonks can find them—once tax expenditures are created, there usually is no process for renewing them or for assessing their effectiveness. But they can be very complex to administer. Tax expenditures require tax administrators to write and enforce rules, which can be, as anyone who has encountered the IRS can testify, a very difficult process. Those problems constantly embroil the IRS in controversy and political conflict.

Loan Programs

The federal government has become the largest lender in the country. From guaranteeing student loans to extending credit to farmers, the federal government provides financial assistance through a broad range of loan programs. (Other levels of government have their own programs as well, but the federal government plays the most important role in this area.) Federal lending began during the Great Depression, but it grew dramatically during the late 1970s and early 1980s. As budget deficits swelled, members of Congress seeking new ways of funding federal programs found that loans provided an easy answer. As Rep. Willis D. Gradison Jr. (R-Ohio) put it, federal loans are “a technique used during a period of budget stringency to do good things where the cost doesn’t show up until later.” The result is a huge but hidden support of the lending markets. Federal lending has increased dramatically, with more than $2.5 trillion in loan guarantees and more than $1.3 trillion in direct loans (see Figure 2.6). Lending programs, already rising in the 2000s, got a big boost during the economic crisis late in that decade. Student loan programs, in particular, increased dramatically, to more than $1 trillion in outstanding loans, a level higher than credit card loans, mortgage equity lines of credit, and car loans.

Although the federal government dominates government credit policy, lending programs are administered in a highly decentralized fashion. Loans for college students and home mortgages, for example, are administered by local banks under the supervision of state and federal agencies. Government loan programs, thus, are part of the subtle and complex public-private mixture of administrative strategies that have grown in the American system, especially since 1945.
Implications for Public Administration

Our broad discussion of what the government does and how it does it leads to three broad implications.

1. The Job of Government Varies by Level.

Local governments tend to concentrate on direct provision of goods and services. State governments provide many goods and services directly as well, but they also play a crucial intermediary role in the American federal system by transferring money to local governments (especially for public schools) and administering grants from the federal government (especially for welfare and Medicaid). The federal government, by contrast, devotes most of its administrative energy to national defense and the transfer function. Different levels of American government tend to do different things. That means public administration in America also varies by the level of government.

2. The Job of Government Varies by Function.

The growth of transfer functions emphasizes that different kinds of governmental programs require different administrative approaches. Providing goods and services, from education to national defense, requires sharp technical skills. For example, education administrators work to develop the best techniques: the best way to train teachers, the right kind of audiovisual aids, textbooks that do not promote stereotypes or advance the “wrong” values, and tests that most appropriately measure students’ achievements. In direct provision of goods and services, most administrative action is internal to the government’s bureaucracy.
By contrast, administering transfer programs involves extensive action external to the government bureaucracy. Instead of mailing checks for welfare and Social Security, government could directly provide such services as government-run shelters for those who could not afford their own homes, government-run kitchens for those who could not afford food, and so on. Transfer payments serve both to make the government’s administrative task easier and to preserve dignity and free choice for the recipients. They also fundamentally change the administrative task: Instead of providing the necessary services, the government seeks to determine the size of the check to which the law entitles a recipient. That is a very different kind of government-citizen interaction than would be involved in direct services, and it requires a different collection of administrative skills. Thus, the job of government varies with the job it does.


Even services that formerly were offered directly by government are now being provided instead through contracts, intergovernmental grants, tax expenditures, and loan programs. Just as in transfer programs, much of the administrative work is external to the government bureaucracy. When contractors manufacture weapons for defense or collect local garbage, government officials are “in the uncomfortable position of being held responsible for programs they do not really control.”21 There is, in short, a difference between who provides a service, by creating a program and paying for it, and who produces it by actually administering the service.22 As government has grown bigger, more and more of its growth has come about through providing more services but relying on nongovernmental agents and organizations—or sometimes governments at other levels—to produce them.

Such government by proxy—the use of third-party agents to deliver programs that the government funds—is different from transfer programs because the responsibility of government officials extends far beyond simply ensuring that checks are mailed out correctly, and it is different from directly administered programs because government officials do not control those who finally provide the service. Each government tool requires a different approach to administration, tailored to its special problems and needs. We explore this problem in more depth in Chapter 12. For now, it’s important to note that the job of government varies with who ultimately delivers the service.

This complexity, in turn, is part of the problem of trust in government, because it’s hard to trust a government in which no one seems clearly in charge. The growing problem of trust in government is inescapable. In 1958, 73 percent of Americans said they trusted government “just about always” or “most of the time.” By 2019, it was 17 percent and had been bouncing along the bottom for a decade (see Figure 2.7).23 Even worse, by 2015, the share of Americans who said they were “frustrated” about the federal government rose to 57 percent and the number who were “angry” about Washington hit 22 percent.24 Of course, Americans have always been ambivalent about their government. After all, one of the things that distinguishes the United States of America from many of the world’s other nations is that it was founded through a revolution. Its citizens rejected their king, fought off the world’s most powerful army, and dedicated themselves to the idea that they would never again permit such concentrated governmental power to rob them of their liberty.

On the other hand, Americans have always expected government to protect them. The Marine Corps hymn celebrates the Marines’ role in protecting the nation “from the halls of Montezuma” (the site of a famous battle in the Mexican-American War in 1847) “to the shores
of Tripoli” (a battle against North African pirates in 1805). From these early battles to the effort to stop and clean up the tainted drinking water in Flint, Americans expect their government to work for them—but they never like the governmental power that goes along with its job. As one Republican strategist told the *Washington Post*, “Americans don’t want government to work.” Why is that so? “They want it to stop working because they suspect every time it does work, they pay a price.” There’s a deep paradox here—a fear of a government so powerful it could erode their liberty and the insistence on a government powerful enough to solve almost any problem. That’s a tall order, if not an impossible job, and public administrators find themselves always squeezed in this paradox.

**Conclusion**

If there truly is a crisis of confidence in American government, its roots are not necessarily in “big government.” While government unquestionably has gotten bigger, it has not become more concentrated. Its growth has come through entitlements and loan guarantees and contracts, as well as through an expansion of services that citizens expect—and demand. In fact, the “size of government” issue is really a reflection of government’s growing complexity. More and more, governmental programs rely on intricate relationships among levels of government or between government and private contractors or other agents. That web, in turn, has disconnected decisions about raising money from the ways we spend it. Those responsible for the performance of
governmental programs are not always within the same level of government, and often they are not within government itself.

That complicates the task of accountability. Traditional approaches to accountability, as we will see in the next chapter, depend on a direct link between government policymakers and the administrators executing governmental decisions. When the chain of implementation stretches beyond a government agency to another level of government—or even to nongovernmental partners—traditional approaches to government are strained. This certainly does not mean that the growth of government’s reliance on indirect tools makes accountability impossible. Nor does it necessarily make it more difficult, although holding government’s partners accountable often requires different and more complex approaches. But it does mean that today’s accountability is often different from the accountability system that government has been used to in the past, and that raises new challenges for government accountability.

Indeed, from filling out income tax forms to borrowing money through student loans to working as government contractors, all citizens have become more involved in the performance of governmental programs. Public functions are more intricately interwoven with the private sector, and this interweaving brings new complexities into the administration of government. If government depends on both public and private values, whose values are to prevail in the inevitable conflicts, and who will work out solutions to these conflicts?

These fundamental issues, which underline the crucial problems of accountability and performance in public administration, will follow us through this book as we explore the value of traditional theories of management, both public and private, and as we examine the challenges of the new approaches, both to existing notions of public administration and to lasting values of American democracy.

**CASE 2.1**

**Bargaining over Body Cameras**

Following a series of urban shootings, and the racial tensions that followed, the federal government helped subsidize the costs for the deployment of body cameras on police officers throughout the country. By 2016, nearly half of all local law enforcement departments in the country had deployed body cameras. In addition, 69 percent of police vehicles were equipped with dashboard cameras. According to the U.S. Department of Justice, these were the most important reasons why body cameras had spread so quickly:

- Improve officer safety
- Increase evidence quality
- Reduce civilian complaints
- Reduce agency liability

This had become an important national movement, thanks to the federal funding. The body cams have become mainstays in local police investigations as well as on television news shows. They’ve spread across the country—except to federal law enforcement personnel working with local cops on inter-agency task forces. One Justice Department official said that none of its personnel, agents or officers, wear body cams. According to one department official, the feds wanted to protect “sensitive or tactical methods used (Continued)
in arresting violent fugitives or conducting covert investigations.” It was also important, the department official said, to protect the privacy of individuals who might be nearby whenever federal officials executed a warrant.²

The decision of the feds led Atlanta city officials to decide to pull their officers from task forces with federal officers. A few months earlier, an Atlanta police officer had shot and killed a man while working on a joint task force with the FBI. The person shot was wanted but unarmed. In the aftermath of the shooting, Atlanta Police Chief Erika Shields ordered all of the city’s officers to wear cameras when they were serving on such task forces, but she immediately ran into conflict with the feds. Not only did federal agents not wear body cameras themselves, but when working on joint operations with local officers, they also banned them from wearing them.³

“If you’re policing and you’re policing properly,” Chief Shields told a reporter, “you have nothing to fear” from the cameras. She decided to pull all of her officers from the joint task forces.

The controversy spread across the country. In St. Paul, Minnesota, the chief, Todd Axtell, told his officers to wear their cameras. A task force with the U.S. Marshals Service then banned the local officers. That led Chief Axtell to criticize the feds. “I believe they have an obligation to join us in 21st-century policing,” he said. “This is what they’ve been preaching. It’s ironic they aren’t complying with what they preach to be so important in policing.” ⁴

A spokesperson for the Justice Department explained that the department banned the cameras because of “safety and security concerns, such as protecting sensitive or tactical methods used in arresting violent fugitives or conducting covert investigations.”

The police chiefs in Houston and Austin considered pulling their own cops from joint task forces as long as the feds refused to wear the body cameras. The Houston police chief, Art Acevedo, explained, “Transparency breeds trust in the community.” He continued, “I think it’ll be difficult for our federal partners not to be in line with expectations on transparency.”⁵

For local officials, the question was a tough one. Working close with the feds often proved invaluable in tracking, finding, and arresting the bad guys. For the feds, the partnerships with local officers vastly extended their reach. Local officials pointed out that, if anything appeared on the cameras that could compromise an investigation, it could be edited out before being used in court or being released to the public.

But, for Atlanta Chief Shields, the issue was clear: “We owe it to the family to explain the best we can why we killed someone.” She added, “It’s unacceptable to them that they have to accept our word.”

Notes

4. Ibid.
5. Ibid.
Questions to Consider

1. If you were a local police chief, would you agree to take part in inter-agency task forces with the feds if they didn’t agree to wear body cameras—or if they insisted that your officers turn their cameras off?

2. If you were an official in the U.S. Justice Department, would you argue for changing federal policy?

3. The cameras have their roots in politics (to help police departments deal with tensions with minority communities), in performance (to help police officers work more effectively), and in accountability (to improve communication with the community, along the lines of what Chief Shields suggested). Do you think that the adoption and spread of body cameras is a good administrative decision?

CASE 2.2

Wasting Away? Fifty Examples of Government Waste

In late 2009, the conservative Heritage Foundation released a list of fifty examples of government waste. The examples fell into six categories, according to the foundation’s analysts:

1. Programs that should be devolved to state and local governments
2. Programs that could be better performed by the private sector
3. Mistargeted programs whose recipients should not be entitled to government benefits
4. Outdated and unnecessary programs
5. Duplicative programs
6. Inefficiency, mismanagement, and fraud

And here’s their list:

1. The federal government made at least $72 billion in improper payments in 2008.
2. Washington spends $92 billion on corporate welfare (excluding expenditures under the Troubled Assets Relief Program [TARP]) versus $71 billion on homeland security.
3. Washington spends $25 billion annually maintaining unused or vacant federal properties.
4. Government auditors spent the past five years examining all federal programs and found that 22 percent of them—costing taxpayers a total of $123 billion annually—fail to show any positive impact on the populations they serve.
5. The Congressional Budget Office published a “Budget Options” series identifying more than $100 billion in potential spending cuts.
6. Examples from multiple Government Accountability Office (GAO) reports of
wasteful duplication include 342 economic development programs; 130 programs serving the disabled; 130 programs serving at-risk youth; ninety early childhood development programs; 75 programs funding international education, cultural, and training exchange activities; and 72 safe water programs.

7. Washington will spend $2.6 million training Chinese prostitutes to drink more responsibly on the job.

8. A GAO audit classified nearly half of all purchases on government credit cards as improper, fraudulent, or embezzled. Examples of taxpayer-funded purchases include gambling, mortgage payments, liquor, lingerie, iPods, XBoxes, jewelry, internet dating services, and Hawaiian vacations. In one extraordinary example, the Postal Service spent $13,500 on one dinner at a Ruth’s Chris Steakhouse, including “over 200 appetizers and over $3,000 of alcohol, including more than forty bottles of wine costing more than $50 each and brand-name liquor such as Courvoisier, Belvedere, and Johnny Walker Gold.” The eighty-one guests consumed an average of $167 worth of food and drink apiece.

9. Federal agencies are delinquent on nearly 20 percent of employee travel charge cards, costing taxpayers hundreds of millions of dollars annually.


11. The Pentagon recently spent $998,798 shipping two 19-cent washers from South Carolina to Texas and $293,451 sending an 89-cent washer from South Carolina to Florida.

12. Over half of all farm subsidies go to commercial farms, which report average household incomes of $200,000.

13. Health care fraud is estimated to cost taxpayers more than $60 billion annually.

14. A GAO audit found that ninety-five Pentagon weapons systems suffered from a combined $295 billion in cost overruns.

15. The refusal of many federal employees to fly coach costs taxpayers $146 million annually in flight upgrades.


17. Federal investigators have launched more than twenty criminal fraud investigations related to the TARP financial bailout.

18. Despite trillion-dollar deficits, there were 10,160 earmarks in 2008, which included $200,000 for a tattoo removal program in Mission Hills, California; $190,000 for the Buffalo Bill Historical Center in Cody, Wyoming; and $75,000 for the Totally Teen Zone in Albany, Georgia.

19. The federal government owns more than 50,000 vacant homes.

20. The Federal Communications Commission spent $350,000 to sponsor NASCAR driver David Gilliland.

21. Members of Congress have spent hundreds of thousands of taxpayer dollars supplying their offices with popcorn machines, plasma televisions,
DVD equipment, ionic air fresheners, camcorders, and signature machines—plus $24,730 leasing a Lexus, $1,434 on a digital camera, and $84,000 on personalized calendars.

22. More than $13 billion in Iraq aid has been classified as wasted or stolen. Another $7.8 billion cannot be accounted for.

23. Fraud related to Hurricane Katrina spending is estimated to top $2 billion. In addition, debit cards provided to hurricane victims were used to pay for Caribbean vacations, NFL tickets, Dom Perignon champagne, “Girls Gone Wild” videos, and at least one sex change operation.

24. Auditors discovered that 900,000 of the 2.5 million recipients of emergency Katrina assistance provided false names, addresses, or Social Security numbers or submitted multiple applications.

25. Congress recently gave Alaska Airlines $500,000 to paint a Chinook salmon on a Boeing 737.

26. The Transportation Department will subsidize up to $2,000 per flight for direct flights between Washington, D.C., and the small hometown of Congressman Hal Rogers (R-Ky.)—but only on Monday mornings and Friday evenings, when lawmakers, staff, and lobbyists usually fly. Rogers is a member of the Appropriations Committee, which writes the Transportation Department’s budget.

27. Washington has spent $3 billion re-sanding beaches—even as this new sand washes back into the ocean.

28. A Department of Agriculture report concedes that much of the $2.5 billion in “stimulus” funding for broadband internet will be wasted.

29. The Defense Department wasted $100 million on unused flight tickets and never bothered to collect refunds even though the tickets were refundable.

30. Washington spends $60,000 per hour shooting Air Force One photo-ops in front of national landmarks.

31. Over one recent 18-month period, Air Force and Navy personnel used government-funded credit cards to charge at least $102,400 on admission to entertainment events, $48,250 on gambling, $69,300 on cruises, and $73,950 on exotic dance clubs and prostitutes.

32. Members of Congress are set to pay themselves $90 million to increase their franked mailings for the 2010 election year.

33. Congress has ignored efficiency recommendations from the Department of Health and Human Services that would save $9 billion annually.

34. Taxpayers are funding paintings of high-ranking government officials at a cost of up to $50,000 apiece.

35. The state of Washington sent $1 food stamp checks to 250,000 households in order to raise state caseload figures and trigger $43 million in additional federal funds.

36. Suburban families are receiving large farm subsidies for the grass in their backyards—subsidies that many of these families never requested and do not want.


38. Homeland Security employee purchases include 63-inch plasma TVs, iPods, and $230 for a beer brewing kit.

(Continued)
39. Two drafting errors in the 2005 Deficit Reduction Act resulted in a $2 billion taxpayer cost.

40. North Ridgeville, Ohio, received $800,000 in “stimulus” funds for a project that its mayor described as “a long way from the top priority.”

41. The National Institutes of Health spends $1.3 million per month to rent a lab that it cannot use.

42. Congress recently spent $2.4 billion on ten new jets that the Pentagon insists it does not need and will not use.

43. Lawmakers diverted $13 million from Hurricane Katrina relief spending to build a museum celebrating the Army Corps of Engineers—the agency partially responsible for the failed levees that flooded New Orleans.

44. Medicare officials recently mailed $50 million in erroneous refunds to 230,000 Medicare recipients.

45. Audits showed $34 billion worth of Department of Homeland Security contracts contained significant waste, fraud, and abuse.

46. Washington recently spent $1.8 million to help build a private golf course in Atlanta, Georgia.

47. The Advanced Technology Program spends $150 million annually subsidizing private businesses; 40 percent of this funding goes to Fortune 500 companies.

48. Congressional investigators were able to receive $55,000 in federal student loan funding for a fictional college they created to test the Department of Education.

49. The Conservation Reserve program pays farmers $2 billion annually not to farm their land.

50. The Commerce Department has lost 1,137 computers since 2001, many containing Americans’ personal data.

Note

1. Excerpt from Brian Reidl, 50 Examples of Government Waste, Heritage Foundation (October 6, 2009), http://www.heritage.org/research/reports/2009/10/50-examples-of-government-waste. The citations to the original sources can be found at the Heritage Foundation website. Emphasis is in the original.

Questions to Consider

1. Look over the list. Which examples do you think are the most serious? Are there programs on the list that you think are, in fact, not wasteful?

2. Assume that in at least some of these cases, someone thought there was a good reason to fund the programs. Can you identify five such programs and craft an argument that could be used to support the programs?

3. Pick five programs you think are simply bad ideas. They are likely to be decisions made by elected officials. What steps would you take to end them?

4. Responding to some of these problems might require administrative changes. Can you pick one program on this list that you think you could improve through better public administration? What steps would you take to strengthen its administration to reduce waste?
CASE 2.3

Are Private Markets Better Than Government?

It’s no secret that Americans like private markets better than they like government. In a 2014 Pew Research Center poll, 70 percent of Americans said they believed they were better off in a free-market system. Only in South Korea and Germany do citizens like markets more.

From environmental policy to health care, this basic finding has framed the critical decisions of government in recent years. If we want to take on a new policy challenge, citizens and policy experts seem to agree, it’s better to trust the states than Washington. And the states should do as much as possible through private markets.

The strategy has launched some remarkable policy innovations. But most of the time, it hasn’t worked out so well in practice.

Take the movement to reduce carbon emissions. In the 2000s, many states embarked on a revolutionary cap-and-trade strategy. They would set a cap on acceptable greenhouse gas levels, businesses would pay for the right to emit the gases, and the hidden hand of the market would reduce pollution by the largest amount at the lowest cost. By 2008, according to a count by the University of Michigan’s Barry Rabe in the journal Governance, twenty-three states had joined the effort. It seemed a perfect solution. New markets developed, and regional consortia planned to reduce greenhouse gases by 10 percent or more within a few years.

But that perfect solution didn’t last long. Rabe found that, within five years, more than half the states had walked away from their cap-and-trade commitment. The market-based alternative to command-and-control regulations evaporated as a state-based policy tool.

Then there’s the marketplace system at the core of the Affordable Care Act. It’s easy to forget that the Obama administration originally was trying to avoid using a Washington-driven hammer. Instead, the plan aimed to provide health insurance to everyone by encouraging the states to do the job—and having the states work through market-based insurance exchanges to make the policies available.

Relying on state-based markets seemed a logical step, both ideologically and pragmatically. It stood to minimize complaints about big government by pushing policy implementation into the private sector, and it echoed the Pew poll results. After all, there’s scarcely a more popular refrain than the one that proclaims government should be run more like a private business. But as in the cap-and-trade example, this market-based strategy just didn’t work well. State implementation proved wildly uneven. Federal policymakers found themselves without the results they sought. And everyone came away more convinced than ever that government couldn’t solve problems like this, even though many of the problems were rooted in private-market failures.

By the end of 2015, thirty-eight states had declined to set up health care exchanges, leaving the federal government to step in and create them. Three states—Hawaii, Nevada,
and Oregon—tried the exchange approach and backed out when enrollment was lower and costs were higher than expected. Some states, like Maryland and Washington, enthusiastically embraced the exchanges but fumbled the launch. Pressed by angry Republicans, who criticized the states’ lack of accountability for federal funds, the Obama administration took back $200 million in grants it had made to states that had struggled to launch their exchanges.

Why did these efforts fail?

Part of the answer has to do with the partisan makeup of the statehouses. Republicans hold thirty-one of the fifty governorships, and many of the Republican governors came to office touting free markets and smaller government. In most states, the champions of aggressive policy innovation are on the run. Fewer citizens in these conservative states believe that climate change is manmade, and that reduces the incentives for state-level action. The fumbled launch of the Affordable Care Act website eroded public support for health care reform. The appetite for strong state policy initiatives has gradually evaporated.

Moreover, as Rabe points out, managing the pollution market mechanisms turned out to be hard, and financially strapped states had a shrinking capacity to do the job well. That was even truer for the health exchanges, where some of the most ambitious states stumbled despite their aggressive efforts.

The fundamental flaw lies in two assumptions: that markets always work better than governments and that markets will run themselves if government gets out of the way. The first assumption is the stuff of fierce ideological debate, but the second is really a settled question. Markets just don’t run themselves in delivering public goods, because most of the time they are being asked to do things they aren’t used to doing. And because policymakers tend to assume that the markets will take care of themselves, they often don’t build governmental capacity to steer the process. The reformers then end up running after problems as they develop down the line.

It’s tempting to dance around the big battles over the size of government by assuming private markets can step in and fix everything. Too often, we end up abandoning the markets, disappointing the customers and undermining everyone’s confidence in leadership. There’s no sidestepping the fact that government requires governing.

Note: This case comes from my column in Governing (February 2016), http://www.governing.com/columns/potomac-chronicle/gov-free-market-failures-government.html.

Questions to Consider

1. Consider the case for action through markets and through government. What are the pros and cons of each?

2. Government’s critics often argue that government ought to be run more like the private sector. What lessons does this case teach about that argument?

3. Does reliance on private markets to achieve public purposes eliminate the need for a government role? What are the implications for government of relying more on the private sector for such missions?
KEY CONCEPTS

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FOR FURTHER READING


SUGGESTED WEBSITES

For research on how the federal government spends its money, the basic source is the federal budget, published by the Office of Management and Budget, www.whitehouse.gov/omb. OMB annually publishes two useful reports: Analytical Perspectives, which provides background information on issues such as federal taxing, spending, and lending programs, and Historical Tables, which provides long-term data on federal budget trends. Many of the key budget tables are available for download in Excel format.

In addition, the Congressional Budget Office, www.cbo.gov, assembles federal budget data and is especially useful for tracking trends in entitlement and discretionary spending and in federal government revenue.

The best source of information about trends in state and local government finances is the U.S. Census Bureau, www.census.gov. For international comparisons, the “statistics” portal at the Organisation for Economic Co-operation and Development website, www.oecd.org, is valuable. OECD is an international organization that tracks the policy and financial issues facing nations around the world.