

# OMB and the Presidency— the problem of “neutral competence”

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**I**N 1970 the Bureau of the Budget (BOB) officially died and the Office of Management and Budget (OMB) was born. Subsequent years have not been kind to the organization. Renaming the agency was supposed to signal a new era in which the traditional job of budget-making would be augmented by a new emphasis on government management, but the management side of OMB has been in disarray throughout most of the organization's short life. An agency which traditionally valued its heritage of anonymity and quiet diplomacy inside government has found itself slugging it out in nasty public fights on issues such as impoundment. From now on, every OMB director and deputy director will have to be confirmed by the Senate—a blow to the special Presidential status which the old Bureau of the Budget enjoyed. Watergate has taken its toll on morale, and as if that weren't enough, Presidential Ford's transition advisers declared last summer that the power of OMB had increased, was increasing, and ought to be diminished. All in all, it has been a tough childhood for the young OMB.

But the agency's rocky transition reflects something more than the travails of reorganization and the acrimony of a near-impeachment. Watergate was a reminder that we must judge public organizations

not only by what they do, but by how they do it—and the reminder was particularly timely after some years during which concern for outputs had almost totally eclipsed concern over the standards governing the production of those outputs. A profusion of program analysts, policy studies, management languages, and techniques attested to a widespread opinion that institutions were to be judged as more or less effective machines for producing desired policy results: “By their fruits ye shall know them” was the going criterion. But this is no longer the case. If the so-called post-Watergate morality means anything, it is that the imbalance between output concerns and process concerns is being rectified. Old-fashioned sentiments such as propriety, moderation, and decency are once again heard in the land. A huge, unpopular war in Southeast Asia failed to generate a serious drive for Presidential impeachment; yet several petty burglaries and their coverup—actions meager in output terms, though raising immense questions about basic standards of conduct—made impeachment a realistic prospect.

### **The idea of neutral competence**

So the politics of righteousness is getting a good running in American public affairs, and it is appropriate that it should. But there are important performance standards other than those based on moral rectitude and the absence of venality. One of the most crucial of these standards inside government—and one of the most neglected by the moralizing fervor outside government—is “neutral competence.”

In the Anglo-American democracies, neutral competence is a relatively recent growth and corresponds roughly with the appearance of a higher civil service about a century ago. It envisions a continuous, uncommitted facility at the disposal of, and for the support of, political leadership. It is not a prescription for sainthood. Neutrality does not mean the possession of a direct-dial line to some overarching, non-partisan sense of the public interest. Rather it consists of giving one's cooperation and best independent judgment of the issues to partisan bosses—and of being sufficiently uncommitted to be able to do so for a succession of partisan leaders. The independence entailed in neutral competence does not exist for its own sake; it exists precisely in order to serve the aims of elected partisan leadership. Nor is neutral competence merely the capacity to deliver good staff work to a political superior, for a major part of this competence lies in its ability to gain compliance from lower-level officials. The competence

in question entails not just following orders but having the practical knowledge of government and the broker's skills of the governmental marketplace that makes one's advice worthy of attention. Thus neutral competence is a strange amalgam of loyalty that argues back, partisanship that shifts with the changing partisans, independence that depends on others. Its motto is "Speak out, shut up, carry up, carry out."

As a performance standard, neutral competence is valuable in a number of ways. For one thing, it smooths communication and thus improves the capacity of elected leadership to get what it wants out of the government machine. Officials with neutral competence can help bring along the more committed specialists elsewhere who are easily antagonized by outsiders ignorant of their ways. When fights become necessary, aid from those with neutral competence can help political leaders chastise others in a way that encourages them to go along rather than fight further. Equally important, neutral competence accumulates informal sources of information within the bureaucracy, sources which can be the key to governing the sprawling executive machinery and which are otherwise unavailable to transient political appointees. Neutral competence, therefore, helps to avoid gratuitous conflicts that would use up resources and relations needed for more important issues, prejudice cooperation the next time around, and risk the ultimate disaster—a complete close-down of information from the offended party.

Another virtue of neutral competence is that it has a vested interest in continuity. Agencies and officials with this attribute have a highly developed institutional memory and a special concern that initiatives be capable of being sustained for the period ahead. They temper boldness with the recognition that they will have to live with the consequences of misplaced boldness. They worry about administrative feasibility because they do not want to have to deal later with problems of administrative breakdown.

Finally, neutral competence contributes a quality of impartiality to be set against other, more sectional appeals in government. Its viewpoint is no more pure or unbiased than anyone else's, but the axes it has to grind are broader than most. Its analysis is less concerned with the short-term political ramifications of who believes what how strongly, and more concerned with the substance of the policy issues themselves. Moreover, because it has an interest in continuity, it is likely to be more concerned with the brokerage process in general than with any particular issue or case. It cares about good form and the use of discretionary authority in a more even-

handed way than might be preferred by individual contending parties. Thus its advice and analysis provide a useful counterweight to those more interested in a given subject matter or immediate advantage and less interested in brokerage, continuity, and staying around to pick up the pieces.

If all of this sounds too good to be true, it is. Even when achieved, each blessing of neutral competence imposes its own curse. Communication and bringing people along can promote delays, timidity, and debilitating compromise. Concern with continuity not only can have all these vices but can frustrate any mandate for fundamental change. Officials raised by the norm of impartiality and speaking their mind can generate more trouble, more unanswerable questions, more reasons for not doing something. No one would want a government composed only of neutral competents. Yet their services are invaluable in the play of power and advice. They survive by keeping the government mechanism well-oiled and in working order.

And the existence of this working order is as important as rectitude in making governance legitimate. Rectitude helps make the whole government enterprise believable to outsiders by virtue of the correctness of its leaders' behavior. Neutral competence helps legitimate government among insiders by giving a voice to those with a vested interest in the continuing good faith and credit of the government's own internal operations.

### **From BOB to OMB**

Neutral competence has always been a somewhat fragile growth in American government, and the old (post-1939) Bureau of the Budget was one of the few places where it was nourished and took root. Talk with veterans of that institution and they harken back to a golden age when "the old Bureau really was something special." The Bureau was a place where the "generalist ethic was admired and defended," a place where "you were both a representative for the President's particular view and the top objective resource for the continuous institution of the Presidency."

Of course, the pristine golden age never existed except in retrospect. Not all directors consulted as virtual equals with young examiners, and the Eisenhower years did not inspire outstanding feats of innovative policy analysis. An unpublished poll of staff attitudes in 1959 confirmed complaints about the immobility of personnel and inadequate promotion opportunities. But the nostalgic memories do contain an important core of truth. At the end of the Eisenhower

years, the surveys did find that the vast majority of BOB staff felt they were kept well informed by superiors, that they had adequate opportunity to defend their recommendations before decisions were made, that they would recommend the Bureau to friends as a place to work, that they expected to remain with the organization indefinitely, and that they were "proud" when telling people they worked for the Bureau.

Today's Office of Management and Budget is by no means falling apart, nor is it a resting place for political hacks. The changes that have occurred are more subtle shifts in the nature of the organization, its premises, and its climate of activity. Taken together, however, these changing norms and relationships call into question the possibility of preserving the institution as a source of impartial continuity for the Presidency. There is a real and growing danger that as demands on government performance are growing, and as the need for continuity, executive branch coordination, and independent analysis is increasing, the standards of neutral competence are being eroded.

Numbers tell a small part of the story of these changes at the level of the career staff. In the last 20 years, the number of professional staff at BOB/OMB has grown by about one half, to 430; but the top layer of this civil service staff (supergrades GS 16-18) has grown over five times, to 75 persons. While this growth rate is roughly in line with the changes in the executive branch as a whole, it has made coordination and communication more difficult in an agency which has always prided itself on letting each of its many hands know what the others are doing.

At the same time, the turnover of this permanent staff is up. Compared to a rate in the 'teens or lower in the 1960's, over one quarter of the professional full-time staff (GS 9 and above) separated from the agency for one reason or another during Fiscal Year 1973. Those who remained were relatively inexperienced in government compared with their counterparts of former years. In 1960, of the heads of major offices (budget review, legislative reference, and management) and examining divisions, nearly three quarters had six or more years' experience in BOB, and nearly half had been in their current posts for six or more years. In 1974, however, of the same group, only a quarter had six or more years' experience in BOB/OMB, (while nearly two thirds had one year's experience or less), and only 13 per cent had been in their current posts for six or more years. A similar trend took place among key subordinates (i.e., staff down to the budget examiner level), so that by 1974 almost two

thirds had been in their current jobs for one year or less. Experience elsewhere in the executive branch among top OMB staff likewise declined dramatically.

Such figures, of course, do not tell the whole story; periodic reorganizations in the agency have naturally created new posts, new titles, and corresponding declines in tenure in any single job. But reorganization can itself be a symbol of disorganization. After trying vainly to provide a colleague's office number, one management expert who advises other departments on rational organization despaired: "Things change so fast around here I've given up re-labeling my [OMB] organization chart."

### The rise of the PADs

One reason for the decreasing continuity among major office heads has been the establishment in OMB of a new category of politically appointed staff. In 1960 the Bureau of the Budget had, basically, five political officers—director, deputy director (himself a former BOB civil servant), and three assistant directors. These assistant directors served largely as staff assistants to the director, assembling *ad hoc* teams of civil servants for whatever particular projects came their way. The 1970 OMB reorganization has added four program associate directors as well as a new assistant director to head the management division. PADs, as the program associate directors have become known, are political appointees. Unlike the old assistant directors working on *ad hoc* assignments, PADs head the examining divisions, exercise continuous operating responsibility for given areas, and have permanent staffs directly under them. The change is important because the examining divisions in BOB and OMB have always been a key locus of enduring power at the government center; they control a process—budget-making—that is of vital interest to almost all other agencies, and they thereby possess sanctions and access to information which few other actors can match. Whereas career division chiefs headed these examining groups in BOB, now it is a layer of political line officers who are in charge, with the civil service division chiefs serving as their deputies.

In essence, a new layer of political line control has been introduced, and to it has gravitated not only leadership of the powerful examining divisions, but other responsibilities as well. Legislative proposals by the departments, for instance, have to be cleared through BOB/OMB, and throughout the postwar period this has been handled through the Legislative Reference Section, a unit

co-equal with the examining divisions and headed by a succession of powerful civil servants. Now this section is much less important, and the academic literature on "central legislative clearance" is seriously out of date. No longer does the Office of Legislative Reference deal directly with the White House staff or the departments; now it usually deals through the PADs. Having less information to trade, Legislative Reference gets called to fewer meetings and has more trouble getting in on things. In effect, the institutional role and government-wide perspective in legislative clearance has been ceded to the PADs and their particular policy bailiwicks.

The Ford transition team rightly noted that this new system of sectional rather than central clearance had led to more rigidity in the oversight of department legislation. But they wrongly concluded that this rigidity was an indication of too much power in OMB in general. To say this is to miss the point; ironically, the sectional clearance system has in one way *decreased* OMB's power, by decreasing the agency's ability to coordinate government-wide legislative activities. The question is not one of OMB's power in absolute terms but rather of how this power is arranged, and how favorable that arrangement is to the exercise of a neutrally competent perspective across the range of executive branch activity.

In the same way, a new sort of political control has come to be exercised over OMB's Office of Budget Review, an office which throughout most of the postwar period was the focal point for fiscal policy recommendations and for pulling the budget together each year. Now Budget Review is no longer in this direct line of operations. It is more isolated from the examining divisions and relevant departmental contacts, more concerned with advising on the technical details of budget-making.

Thus on budget, programs, and legislation (and on the expanded management side as well), it has been largely the PADs and through them OMB who carry the ball for the administration.

### **OMB and the Presidency**

Just as important as these changes within the organization itself have been the changes in the agency's relationship with its chief client, the President. A number of postwar BOB directors saw more of the President than their recent counterparts can claim, but these earlier directors typically had access in their capacity as heads of a Presidential staff agency. By contrast, the last three Nixon directors—George Schultz, Casper Weinberger, and Roy Ash—showed a

stronger tendency to position themselves as personal advisors to the President, with a new office in the West Wing of the White House to symbolize the fact. The result was to identify OMB more as a member of the President's own political family and less as a broker supplying an independent analytic service to every President. A milestone of sorts was reached in September 1974 when the director of the supposedly economy-minded OMB testified to Congress in favor of an \$850,000 transition expense account for the departed President.

Changes in the budget-making process also contributed to a much closer identification between the organization and the particular inhabitant of the Oval Office. Traditionally, the final step in this process was the President's personal arbitration between the BOB director and the head of a spending agency appealing its budget mark. After 1969, it was made clear that President Nixon definitely did not favor such personal confrontations in his presence. Procedural guidelines circulated to the agencies made no reference to even the possibility of appealing the OMB director's final budget determination, which was now to be returned to the spending agency with the status of a Presidential decision. In practice, the Nixon Administration, like its predecessors, handled complaints from disgruntled department heads through an informal committee that sought to hammer out an agreed-upon White House view. The difference is that in earlier years this "White House view" had to contend against the agency head's personal appeal to the President. Developments in the Nixon years left much less separation between the OMB's budget judgments and the President's personal position.

It would be unfair and wrongheaded to imagine that these changes have constituted anything like a full-scale raid by political partisans on OMB. For one thing, the PADs appointed to date have not had any special interest or background in party politics. For another, the interposition of this new layer of political appointees was a response to what some in the White House and BOB itself perceived as increasingly clear institutional deficiencies and coordination needs. As early as 1959, a self-evaluation by senior civil servants decided by only a narrow vote against recommending the use of political appointees in line guidance over the various offices and divisions. By 1967 more painful experience had accumulated: OMB staff was heavily involved in Presidential task forces to create major new policies; the new Planning, Programming, Budgeting System was causing headaches for the director and everyone else; Great Society programs were proliferating and creating who-knew-what demands on administrative machinery and future economic resources. To a 1967



BOB study group composed of the institution's political and career leadership, it was clear that things needed to be tightened up. This led, among other changes, to the creation of one politically appointed assistant director with line responsibility to ride herd over the sprawling human resources area of government. For various reasons, this first move turned out to have little impact. But the BOB's 1967 self-evaluation did highlight a strongly felt need to coalesce political judgment without having to rely upon a hectic director's office and the *ad hoc* intrusions of the White House staff.

Quite apart from any dissatisfaction that BOB staffers themselves felt with the old situation, there were good policy reasons for increasing political control over the agency and agency identification with the President. Increasingly interventionist policies—with civil servants dealing in questions of birth control, consumerism, medical care, environment, energy, transportation, civil rights, and so on—provide a legitimate justification for a much greater political interest in civil service decisions. Moreover, the Nixon Administration, intent on reversing this interventionist trend but frustrated by an opposition Congress, began emphasizing administrative actions that could be taken independently by the executive branch. In the eyes of the White House, administration policy faced not only an opposition Congress but also an opposition executive, a collection of agencies and departments with a vested interest in the ways of the past. Dependence on the normal run of departmental political appointees was unreliable, given their tendency to “go native.” Attempts were made at direct intervention by the White House staff but they proved cumbersome, unsustained, and vulnerable to outmaneuvering due to a lack of coordination among the staff itself.

This distrust of many operating agencies was paralleled by the Nixon Administration's growing awareness that it could rely on OMB as its chosen agent in the executive branch. Since responsiveness to the President is the one quality which BOB/OMB has always needed in order to survive, a beleaguered White House often found itself pushing against an open door. Lacking any outside clientele in Congress or interest groups, OMB can resist only through inactivity; its choice is to be of use to the President of the day or to atrophy. OMB preferred to be of use.

### **A shifting role**

Although the internal shakeup at OMB aimed at making it more responsive to the White House, it was not intended to allow the or-

ganization to provide policy leadership in the Executive Office of the President. For this function, the Domestic Council was created. As the slogan of the time had it, the Domestic Council would concern itself with what to do, the OMB with how to do it and how well it was being done. The Domestic Council would be the antipode of everything the traditional Bureau of the Budget had been. Its virtue would be not institutional routine but policy innovation, not continuity but personnel turnover, not professional detachment but loyalty to "the man."

It was an ill-starred division of tasks. Thinking about what to do turned out to be difficult without having the people around who could tell you how to do it. Since they had a great deal of the necessary experience and expertise, OMB staff were increasingly drafted into Domestic Council operations—and even directed by Council leaders not to inform OMB colleagues of their work (a secrecy which, predictably enough, was rarely pledged and even more rarely maintained). With the departure of John Ehrlichman as its head, the short-lived Domestic Council experiment faded, as did White House intervention in departmental line operations; and today it is no exaggeration to say that apart from a few specific issues and political brushfires, the Council has developed as a weak sister of OMB. Thus not only by design but also by inadvertence, the political importance of OMB grew along with the demise of the other principal actors.

From the convulsions of the last few years, then, OMB has emerged stronger than ever. The question is: a strong what? Has OMB balanced the demands placed on it for policy advocacy outside and for quiet diplomacy within government? Has it succeeded in being a close member of the President's political family yet maintaining itself as a detached staff for the ongoing Presidency? In short, what has happened to the idea of neutral competence as a result of all these changes?

Well, one thing that has happened is that there has been a fundamental shift in OMB's role away from wholesaling advice to the Presidency and towards retailing policy to outsiders. The Bureau of the Budget had carefully shunned public visibility and served as an administration spokesman only infrequently and in specialized areas. Similarly, most public comment on BOB was second-hand, via the well-worn ploy by which spending departments found it convenient to blame BOB for frustrating the demands of the departments' clients. Since 1971, however, the director and his associates have sought more prominence, at least in part because of adverse

Congressional reactions to Presidential impoundment. More OMB officials can now be found going to Capitol Hill to negotiate with Congressmen. Orders have come down to OMB career staff to do more liaison work with Congressional staff and provide more intelligence on what they learn. There is more OMB lobbying with agencies and the press in order to sell administration policy.

However well-intentioned some of these efforts have been, the fact remains that the easiest way for an organization to become politicized and lose neutral competence is to become visibly identified with a given political bargain or piece of public advocacy. As one experienced official put it:

The organization is becoming more vulnerable the more it gets associated with particular public positions. By doing things for this and not that group, selling this and not that deal, we become more politically identified with one administration.

Another OMB official observed:

One of the hardest things to do is to disassociate yourself from a stance taken before large audiences and it's becoming harder and harder to avoid doing that. Frankly it tends to make this agency an extension of the party in power. . . . I guess we've always been that, but we're also supposed to be more than that. It's hard to achieve in practice, but there's something of value in the idea of serving the Presidency, as well as each particular President.

As OMB's visibility has grown, it is understandable if others fail to make the distinction between OMB's governmental authority as an institution of the Presidency and its political power as the President's personal staff. Spending agencies find it more tempting to justify themselves to their clients by complaining not just about the normal BOB/OMB penny-pinching but about its arbitrary power as a political partisan of a given administration. Decreasing the rate of growth in scientific research spending, for example, becomes less a question of value for money and more a question of one particular political administration's anti-science attitude. Those seeking to maintain independence from a President's personal difficulties naturally think of holding OMB at arm's length as well. When Elliot Richardson became Attorney General, OMB staff were shaken to hear that he had instructed his subordinates to have no dealings with White House or OMB staff; it took later clarification of these orders to reestablish the distinction and proscribe only White House personnel.

Even more threatening than problems with outsiders is the fact that members of the Executive Office of the President themselves

may become less able to distinguish service to the President from service to the Presidency. The aim of lodging the director in the West Wing, of creating a powerful layer of line political officers, and of projecting a visible OMB profile of administration advocacy has been to increase responsiveness to the President's policy. But what happens when the authoritative Presidential aide, laying down the political overview which is to guide OMB budget-makers, instructs that only capital projects in certain politically rewarding districts are to be approved? Such questions have indeed come forth, and the answer to the question "What happens?" is that in this case nothing happened, besides a collective shiver of disgust throughout all levels of OMB. But there is no escaping the final implication. If OMB is to be the administration's loyal advocate and lead agency, then there are likely to be people in the White House who expect it to follow with a minimum of questioning.

### **Dilemmas of the civil servant**

The change from BOB to OMB expressed a legitimate concern for the political responsibility and responsiveness of the people making important decisions. No one should be surprised by the visibility which goes with this avowed political responsibility, nor is it necessarily a bad thing if the organization itself is held more publicly accountable for what it does. But there are also the legitimate claims of neutral competence in government, and if the organization moves toward increased external political identification, the need for understanding and protecting its internal capacities for impartial continuity becomes even greater, particularly in the relations between transient political appointees and more permanent career staff. Here, too, the traditional performance standards have come under strain and may be even more problematic in the future. Political appointees have too often lacked the experience, time, or inclination to care that abstract boundaries for civil service roles be maintained or to be concerned that, once lost, a tradition of neutral competence can be almost impossible to re-establish.

Experienced civil servants worry both when they are too far from political power and when they are too near, when they are suspected by their political bosses and when they are treated so familiarly that the political/civil service distinction disappears. Many senior officials who were once held at arm's length now find that they are being drawn into a closer political embrace at OMB. The PAD is supposed to be the political person, but in the nature of things he cannot go

to all the meetings or engage in all the negotiations that come his way. Civil service staff often substitute, partly out of physical necessity and partly as a result of prodding by some political appointees. And as the officials have become more involved politically, they have found it more difficult to maintain that neutral identity which would allow them to be of service to succeeding administrations.

Most career officials are trying hard to avoid political identification, though a few of the less experienced or more politically ambitious among them are not inclined to send for instructions to cover themselves. One senior official contrasted the current situation with the BOB he had joined in the late 1950's:

Of course, you've always had to bargain, but now I run around town and people assume I am acting in [the PAD's] stead. But in fact I'm a career man and I'm not being paid to become an advocate. I don't have the perquisites, the power, or the status to go with that job. I try and do an honest job of analysis, and the danger is you'll lose your standing as objective. But I'm getting stuck and having to take more and more public positions.

A much younger man at the examiner level commented on the perils of "getting stuck":

I got sucked in. I guess you could say I was politicized. You get wrapped up in the crisis and pressures of the administration's mission and don't ask the questions or draw the distinctions you might have done in calmer times. . . . The White House wanted to make decisions and you were supposed to give them the reasons.

In some cases, such as the heavy-handed use of impoundment or the dismantling of OEO, for example, independent OMB advice was unduly compromised by close and ingratiating ties between White House and OMB staff.

Increased pressure to deal with Congress has proven an additional source of difficulty. As one middle-aged examiner put it:

We like to think of ourselves as a bureaucracy existing over time. Recently word has come down from the head office that we're supposed to find out more about what is going on up on the Hill. I guess we're supposed to be talking about the status of legislation and lobbying for certain things. That should be the political guys' job. When those people can't do it, they ask us to.

Some who do try to keep on the proper side of the political line are then criticized for providing poor service. One supergrade official commented:

When I am told to go to meetings with Congressional staff, I keep my damn mouth shut. A question of fact I supply, but if they ask for opinion or judgment I look to the guy from the White House or send

back for instructions. . . . Then when he's sent me with minimal instructions, [a PAD] has the gall to ask why I can't carry the ball.

Obviously, a good civil servant should be expected to look out for himself, to know his proper role and keep to it. But circumstances can help or hinder his efforts, and the trend at OMB has been to make the protection of neutral competence much more difficult. When both the agency and careerists are unshielded from politicization, then communication, impartiality, and continuity all suffer.

### **The costs of politicization**

Communication has suffered at OMB first in the passage of information downward. As the civil service is used in more political ways, it becomes, paradoxically, more difficult to transmit a sense of political direction down from the top. More people become involved in the act of giving signals, and political appointees are likely to become slack in their own responsibility to feed information back to officials below. For those who do not become actively politicized, the remoteness of top political leadership makes it difficult to get the vital contextual knowledge that would help them do their jobs. As one high official said:

I don't want to run my hands over every little scar from the last battle but we do need to know the general way something was decided. I will be dealing in the same area again, and knowing that something was decided on its merits gives an indication of what policy is meant to be. If it was decided on tactical, or personal, or party grounds, that's OK, but then I know that the next time it's all up for grabs again. Presently, I'm left in the dark.

At the same time, communication upwards also deteriorates as staff become less sure of what actually happens to their analyses and recommendations. "We found," said one examiner, "that our pols had struck a bargain but here we were still preparing the veto message." An already cautious mental set grows more so. "Why bother telling them; let them find out for themselves," was the way one excluded official put it.

Impartial brokerage, as well as communication, becomes more difficult when neutral competence is compromised by personal staff loyalty to particular political appointees. According to one participant:

The combativeness of associate directors tends to be mirrored by their staffs. When [a PAD] got uptight with [a cabinet officer] it was reflected in unnecessary argument one or two layers down in each organization's staff. Still today, they will send us nothing on legislation.

Overidentification with the political leadership can be particularly serious for budget examiners. To operate successfully they must enjoy the reputation of an honest intermediary who balances loyalty to his political superiors with a fair presentation of the agency's case and his own analysis. "It will do me no good," said one, "to become known as some political appointee's fair-haired boy."

Less cooperation and more compartmentalization have also appeared because of the separate, politically-headed staffs. "In effect," said one experience observer, "PADs have a staff which tends to be their staff. Everyone is much more conscious of protecting his own turf, with less flowing from side to side and from one piece of real estate to another." Of course, internal bickering is nothing new to OMB or its predecessor; but the internal divisions are now more clearly and politically staked out. Substantive issues take on an additional political dimension. What is more, senior career staff are less likely to be in positions of institutional leadership where they can mediate internal difficulties. In the past it was, the top civil service staff immediately under the director who helped soothe internal problems—encouraging impatient subordinates to ride out current troubles, trying to take the heat and calm political appointees, shielding career people below from political intervention, and generally attempting to keep the place working together. Today, few senior careerists are in positions to oversee the activity of the institution as a whole. Tomorrow, there are liable to be still fewer.

As communication and impartiality decline, so too does continuity. "Formerly," said one recent promotee, "there was a certain institutional quality to your promotion when there was only a career division chief. Now I was appointed by a PAD, and it's not so clear." And what follows from this identification is the worry of being seen by others as tied to a particular political leadership. As one supergrade official summed up the feeling:

You have to worry about maintaining your career status. Here I am having been hand-picked by a Republican PAD to come over and do a job for him. It's not unthinkable that other people will say, "Hey, this guy's a Republican civil servant."

When that is said often enough about civil servants, the principle of neutral competence can be safely pronounced dead and buried.

### **The future of OMB**

The threat to neutral competence was not initiated by the Nixon Administration. Both the Eisenhower and the Kennedy Administra-

tions came to Washington vowing vengeance against a Bureau of the Budget suspected of disloyalty to the new President; in both cases the new BOB directors went to the barricades to protect the agency, and other political appointees soon came to appreciate the asset they had acquired. Nor were senior White House staff in the Johnson Administration particularly interested in the niceties of neutral competence. Events of more recent years, though, raise more serious questions than ever before about the norms of impartial continuity. The same threat can be found in other agencies, but BOB/OMB is the one place at the government center where impartial continuity has traditionally been cherished and had a chance to grow. Its disappearance there would be a change of special consequence. OMB has not yet been thoroughly politicized, but enough inroads have been made for there to be cause for concern and for serious rethinking about the direction in which developments are taking us.

The use made of OMB depends heavily on what the President wants to do. Eisenhower relegated BOB to a secondary role in making policy. As he was not interested in initiating very much on his own, he preferred to use BOB mainly to help keep the government machine ticking. Another possible option arises at the other extreme, and was utilized by the Nixon Administration in its attempt to mobilize the executive branch in a given direction. Since OMB sits astride the budget, management, and legislative coordination processes, it can be used with one or two layers of additional political appointees as the chosen agent of this leadership. The costs in terms of losing the assets of neutral competence are likely to be great for the President, but he can decide to pay them.

President Ford's transition advisers, in their recommendations for OMB, tried to offer a plan somewhere between these two extremes. But this "plan," which resulted from a poll of Cabinet officers, who polled their assistant secretaries, who consulted their civil servants in the spending departments, was not exactly a disinterested appraisal and hardly represented a real choice at all. The Ford team recommended cutting back OMB's policy role, decentralizing White House staff operations among six key advisers with co-equal status and Presidential access, and maintaining the Domestic Council to coordinate and examine departmental proposals; but these suggestions are of much less help than they seem to be. The six key Presidential advisers can, of course, offer advice; but to be worth listening to on any continuing basis, they need their own sources of expertise, staff work, and inside information. Thus in the Truman



years, a BOB which had gone into partial eclipse was, with the eager participation of its director, James Webb, used extensively and to good effect by Truman's personal advisers in the White House; a more formalized arrangement with departmental participants evolved in the task forces of the Johnson years. But to carry forward in this direction will strain OMB manpower already occupied with heavy budget-making tasks and require a strong sense among political participants of the independent institutional role of OMB. Since the Truman years that sense has been considerably reduced throughout Washington, and the transition team does not suggest how it is to be restored.

As to the recommended use of the Domestic Council to examine and coordinate policy proposals, the important question concerns the *criteria* according to which the Council will conduct these operations. If its main focus is to be the analysis of the pros and cons of substantive issues, then it is doing what OMB ought to do in evaluating the connection between expenditure and policy. Moreover, the Council does not "own" a process of evaluation comparable to OMB's institutional role in budgeting. Lacking control over a process, the Council necessarily finds it difficult to be needed by the departments and thus to acquire information. It also lacks any routine requiring continuing involvement rather than *ad hoc* intervention. Claiming to speak from an office close to the President is not enough.

In short, what the Ford advisers left unanswered was how the six key advisers and the Domestic Council were to develop links to or substitutes for the neutral competence of the central budgeting agency—how they were to develop lines into the departments, how they were to create incentives for others to consult early so that Presidential advisers could do more than react too late, and how they were to develop the staff and expertise over time to know what is going on. In effect, OMB was told to get out of policy but keep tabs over the budgetary wherewithal for policy. White House staff were simply told to go forth and coordinate and advise. It's not much to go on.

In the absence of more serious concern for the uses of OMB, the Ford Administration may be slipping into another approach which emphasizes coordination almost to the point of Presidential abdication. Problems of energy, the economy, and the environment put a premium on coordinating overlapping jurisdictions within the executive branch. Presidential inclination to appoint czars over these areas is an attempt to redefine the jurisdictions at a stroke and mandate coordination. The problem is that the czars were elected by a vote

of one to nothing. Unless the responsibility implied by popular election of the President is to be abandoned, the President cannot allow himself to be in the hands of his czars, or his cabinet officers, or his best friends, or some combination of all three. He needs to know things that even (and especially) his best friends will not or cannot tell him. He needs his own lines into the agencies and his own independent source of advice. Presidential openness is itself no answer and may easily, by overloading the President with entreaties and unverifiable information, become part of the problem.

### **A system where everyone loses?**

In present circumstances the most useful course is to begin by returning to first principles. OMB can be valuable to Presidents in many ways, but its most appropriate use is as an independent source of analytic advice and governmental coordination in line with expressed Presidential desires. In terms of advice, OMB should be the place to look for analysis with a minimum of political body English—that is, a place with a fine disregard for the political bearing of who believes what at a given time. This is not to say that OMB staff should be politically insensitive and fail to make such marginal notes; but assessing political trade-offs should not be the main focus of OMB work.

But if this is to be the case, then OMB is not enough. There is an important truth in the comment of a leading Nixon participant in the 1970 reorganization who said, “BOB we figured was the kind of place that could make a one-term President out of anybody.” If the traditional strength of BOB was its independent analytic view of pros and cons, that was also its weakness. By paying less attention to the political trade-offs involved in acting on the results of its work, BOB was in a poor position to give the political man in the Oval Office all the service he needed. And strengthening the Domestic Council so that it can perform this political function is not in itself a threat to OMB’s neutral competence. What is required now is just such a strengthening of the Domestic Council to bring political and partisan judgments to bear on analysis. The need is not for bright and incisive analysts calling themselves political appointees, but for real pols on the White House staff with the wit and understanding to use analysis. A group of political appointees is needed to politicize the White House analysis of issues, not to politicize OMB.

The old problems will not disappear if a President chooses this mixed OMB-Domestic Council option. White House staff will still

lack much knowledge and internal departmental access, which OMB will have to assist in providing. OMB staff will still be involved in important decision making in a way that could abrogate political responsibility. The demands on both the careerists' political sensitivity and the political appointees' ability to moderate their partisanship will, therefore, also be great. But the costs of the strategy pursued so far, in further inroads into impartial continuity at the government center, are likely to be larger still.

By choosing this mixed strategy, one avoids the misleading question of whether OMB is too strong or too involved in policy. For the sake of the President's own influence within the executive, and the commonsense need to link spending with policy decisions, OMB needs to be involved in policy. For the President's and its own sake, OMB has gained too much political power and lost too much of the governmental authority that stems from neutral competence. This is a matter not of *how much* power but of *what kind* of power. The current danger is that in reaction to the politicization of the Nixon years, OMB will be diminished in *all* kinds of power, and that an already weak government center will be further debilitated at a time when coherent Presidential leadership is especially important to prevent self-destructive infighting in the executive branch.

What is at stake for any President or OMB director is not the conventional question of whether White House staff or OMB is too strong or too weak. The events of recent years suggest that it is possible for them to be both, and thus to produce the worst of both worlds. OMB can prove so effective a lead agency in administration advocacy that it prejudices its chance of acceptance by a successor administration. Civil servants may simultaneously become too suspect to, and too intimate with, political leadership. Appointees and "their" careerists may provide more temporary political responsiveness but at the price of a lessened long-term capacity to respond, as career staff who are not politically identified are kept further from events and rendered less knowledgeable than they should be to service a new administration. There can be more intermediaries and less mediation. Political power may become more competitive with bureaucratic power at the same time as the net experience and continuity of the government machine as a whole declines. Bureaucracy can become more politicized and more difficult to control. All of which is to say that the way things are going, we can easily create a system in which everyone loses.