

Agency Politicization and the Decline of Neutral Competence: The Case of OMB in the United States

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Abstract: The modern presidency is heavily politicized. The president is expected to be the chief legislator, chief economist, chief psychiatrist, and chief diplomat for the nation and is the cog around which national affairs revolve. However, a politicized presidency signals the downfall of the managerial presidency that was buttressed by agencies with neutral competence. This article traces the evolution of an American budgetary agency, the Office of Management and Budget (OMB) from its inception to the present, documenting the baleful impact of the politicized presidency on the OMB. Amid politicization, the OMB lost its professional reputation for neutral competence and was replaced by the Congressional Budget Office as the foremost authority on national budgetary matters. This article, in essence, presents a cautionary tale of agency politicization in modern bureaucracy.

Keywords: modern presidency, Office of Management and Budget, politicized presidency, neutral competence, Congressional Budget Office

INTRODUCTION

Requirements for modern presidents are tough.¹ Citizens expect them to be the chief legislator for a vast array of social and economic issues. They are obligated to be emotionally engaged whenever natural or manmade disasters strike the nation. Indeed, they are supposed to be the nation's chief psychiatrist. From FDR's famed

1. In this article, I define "modern presidency" as presidencies from the last half century.

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fireside chats to Reagan's Challenger speech and Obama's Sandy Hook speech, presidents have had to demonstrate that they are with citizens in times of national tribulation. Presidents are also expected to be chief diplomat and chief economist. And whatever they do elicits an immediate reaction from the legislative branch, interest groups, and the media. They are the center around which national affairs revolve.

The presidency was not always this way. Until the 1960s, the president served as a mere manager (Moe, R. C., 1990; Moe, R. C., 1999). He was responsible for managing the executive branch effectively. The presidency meant the president and institutions surrounding him. Institutions lent their institutional memory and neutral competence to the president regardless of whether they agreed ideologically with him.² In fact, until the early 1920s, presidents did not have much say in budgetary matters; instead, Congress dominated them.

The politicization of the presidency got underway during the Great Society era in the 1960s, and the process accelerated during the Nixon administration, culminating in Nixon's impeachment in the aftermath of the Watergate scandal. Once every national affair became politicized around the president, institutions supporting him also followed suit. The evolution of the Bureau of the Budget (BoB)/the Office of Management and Budget (OMB) from its inception to the present plots the decline of a professional budgetary agency and its neutral competence.

The article is built on the premise that agency politicization is detrimental to what laws and the public mandate agencies to do in a democratic society. The premise is backed up by empirical evidence that agency politicization leads to poor agency performance. For instance, Abby Wood and David Lewis (2017), looking at federal agencies, show that politicized agencies are less likely to respond to information requests by the public and Congress. Nick Gallo and David Lewis (2012) have also explored the relationship between political control and agency performance; they compared the agencies led by presidential appointees and those led by career professionals and found that the former performed poorer based on the Program Assessment Rating Tool (PART) implemented by the Bush administration as a performance rating tool. These results offer empirical evidence that politicization harms agency performance.

The article aims to show the relationship between the American presidency and the OMB and how presidential politicization has led to agency politicization

2. In this article, I adopt Hecl's description of neutral competence: "Neutral competence envisions a continuous, *uncommitted facility* at the disposal of, and for the support of, political leadership" (1999, p. 132, emphasis added).

over the years. Applying a historical approach using the case of the OMB and documenting the harmful implications of agency politicization on bureaucratic neutral competence, I offer practical lessons that contribute to the literature on the politics-public administration dichotomy debate, bureaucratic politics, and administrative history. The article proceeds as follows. First, I discuss the evolution from managerial president to politicized president in the United States. Then, I explore the OMB's transformation from an agency of neutral competence to a politicized institution.³ Next, I assess the politicization of the OMB and the emergence of the Congressional Budget Office as the neutral counterpart to the OMB. Finally, I offer thoughts on the OMB, the difficult circumstances surrounding the agency, and the intensification of agency politicization in the federal government in recent years.

THEORETICAL JUSTIFICATIONS FOR THE PRESIDENT AS CHIEF POLITICIAN

Over the history of the United States, the American presidency has been substantially transformed from an institution that was denied overreaching power to one that every other institution and the public are in thrall to.

Fresh out of the American Revolution against the mighty Britain, the leaders of the American colonies made sure when they engineered the Constitution that executive abuse would be curbed. Extensive formal powers were assigned to the representatives of the people, the legislative branch. The Constitution specifies that the president "shall take Care that the Laws be faithfully executed" (article 2, section 3), defining presidential power in a vague way, at least compared to how congressional power is specified.

However, the inherent vagueness of the definition of presidential power made it possible that it could grow in response to national emergencies (James, 2005, p. 25). In the aftermath of the exponential growth of presidential power, the public law scholar Edward Corwin (1941) feared that domestic emergencies (such as the Great Depression) and international emergencies (such as World War II) would free presidents from traditional legal and institutional constraints. Left alone, the presi-

3. I consider presidential administrations up to the Reagan administration. One reason for this is to prevent the article from being a long narrative of U.S. presidents in the twentieth century. Another reason is that OMB became thoroughly politicized by the end of the Reagan administration, and the OMB ceased to be seen as an agency with neutral competence.

dency would end up resembling a highly personalized presidency.⁴

Others disagreed with Corwin. The respected presidential scholar Clinton Rossiter argued that the drastic change in the scope of the presidency could be attributed to “a change in the climate of politics and custom” (1987, p. 99). The country expected the president to enact a program and to go hard at implementing it. Congress embraced public opinion and likewise expected the president to work hard. If anything, Rossiter suggested, presidents may face more criticism if they display “timidity and inertia” than if they exhibit “resolutions and activity” (p. 99).

Presidents should possess “arts of persuasion,” “the essence of the first ingredient of the modern presidency,” according to Rossiter (p. 99). They have frequent contact with the press that they can use to “mold and measure public opinion” (p. 100). They are the preserver of the peace of the United States, whether during labor strikes or international confrontations (p. 105). They can improve the lives of minorities and establish civil rights (p. 110). Finally, presidents can use their authority as the spokesperson “for the nation in such a way as to inspire those who are working for a more democratic America and to rebuff those who would drag us back into the swamps of primitivism and oppression—or, better still, to educate all of us in the ways of brotherhood” (p. 112).

Taking cues from Rossiter, Richard Neustadt claimed that the president should resort to “the power to persuade” (1960, 33). Given the fragmented constitutional framework of the United States, no political actors can force obedience from others. Because of this institutional setting, Neustadt argued, presidents need to resort to persuasion and convince people in other branches that “what the White House wants of them is what they ought to do for their sake and on their authority” (p. 34).

Neustadt maintained that if presidents are to achieve their policy goals, they must serve as the chief bargainer with Congress. In order to so, they need to make use of all their formal and informal advantages in their arsenal and employ them

4. An indication of the extent of the loss of congressional dominance in the federal government is suggested by Senator George F. Hoar’s noting that “the most eminent senators would have received as a personal affront a private message from the White House expressing a desire that they should adopt any course in the discharge of their legislative duties that they did not approve. If they visited the White House, it was to give, not to receive, advice. Any little company or coterie who had undertaken to arrange public policies with the president and to report to their associates what the president thought would have rapidly come to grief... Each of these stars kept his own orbit and shone in his sphere, within which he tolerated no intrusion from the president or from anybody else” (quoted in Rossiter 1987, 97-98).

with skill and purpose. Neustadt's argument that the presidency was no longer bound by adherence to laws and institutions but became all about the president himself was powerful and, in fact, revolutionary. It is not only natural but also desirable for the president to crave power. The conclusion Neustadt arrived at after assessing Roosevelt and Eisenhower was that Roosevelt constantly sought power and asked for more, while Eisenhower wanted to be "arbiter, not master" (p. 165). As a result, Neustadt noted that "the things he [Eisenhower] did not seek he did not often find" (1960, p. 165).

Scholars now realized that they could now "forsake the rigorous study of laws and institutions and write of the individuals involved, without feeling scholarly guilt" (Moe, R. C., 1999, p. 267). The personalized presidency began to be accepted, and it was considered good. In Neustadt's work, scholars saw justifications for the idea that presidential institutions should be partisan and loyal to the president. Richard Nathan argued that the chief executive is in a much better position than other branches or interest groups to "give cohesive policy direction and guidance to the work of large public bureaucracies" (1983, p. 10). He popularized the term "administrative presidency" which refers to how presidents systematically penetrate bureaucracies to encourage those bureaucracies to be responsive to them. Nathan sympathized with Nixon, who said that "I regretted that during the first term we had done a very poor job in the most basic business of every new administration of either party: We had failed to fill all key posts in the departments and agencies with people who were loyal to president and his programs" (pp. 89-90, emphasis added).⁵ The president could secure an effective administrative presidency, Nathan argued, by appointing people "philosophically in tune with the president," "motivating public officials," and keeping tight reins on the budget process (pp. 88-93).

Terry Moe further justified the politicized presidency. He argued that in light of "limited constitutional powers and the sheer complexity of modern government," what the president needs is not neutral competence but "responsive competence" (1999, p. 147). Responsive competence, in turn, encourages "centralization" of the White House and "politicization" of the institutional presidency (p. 151). Moe believed that a centralized White House—that has the flexibility and the ability to be responsive—gives the president advantages that permanent bureaucracy does

5. Nixon's assessment of his administrative engineering in 1973 was ironic and even sentimental. "I did not take into account the chilling effect this action would have on the morale of the people who had worked so hard during the election and who were naturally expecting a change to savor the tremendous victory instead of suddenly having to worry about keeping their jobs" (quoted in Nathan 1983, p. 90).

not provide; the politicization of presidential institutions is particularly attractive because it can be accomplished via constitutionally granted appointment power (p. 152). Whatever the shortcomings of the power of appointment, it is “simple, readily available and enormously flexible” (p. 152).

Moe was, however, conscious of the tension between neutral competence and executive leadership.⁶ He saw the merit of the critique of public administration scholars, who have emphasized that a politicized presidency harms not just neutral competence of the presidential institutions but also the presidency itself. But he also argued that since there is virtually little known about the relationship between “leadership” and “productivity,” the impact of politicization and centralization on presidential institutions is uncertain (p. 156). There is no doubt that the politicization and centralization of the presidency look increasingly attractive given “the gap between expectations and capacity” that presents daunting challenges to the president (p. 158).

By now the politicization of the presidency has taken deep root in American politics, and it has had a drastic impact on bureaucratic neutral competence. In the following section, I offer a glimpse of how a politicized presidency can affect agencies by examining the evolution of the OMB, an expert agency that plays a vital role in the modern presidency as the largest office of the executive branch and its all-too-important budgetary functions.

THE OMB’S EVOLUTION FROM AN AGENCY OF NEUTRAL COMPETENCE TO A POLITICIZED INSTITUTION

Starting out as a small agency in the 1920s, the OMB has evolved into an all-encompassing agency that serves as the clearinghouse for budgetary, manage-

6. Herbert Kaufman argues that although the principle of neutral competence had served well for a long time, the expansion of governmental bureaucracy and its “self-directing” tendencies began to draw criticisms from both politicians and the public alike (1956, 1070). Still others argued that increased presidential power promised the ability to achieve various policy goals. Kaufman notes how this emerging conflict regarding the roles of public administration and the president began to affect scholars in public administration in a divisive way. His prediction about the future of public administration as an academic discipline has been borne out: “One may even hazard the guess that the American Society for Public Administration will remain firmly in the hands of the neutral competence group while the executive leadership school in public administration looks more and more to the American Political Science Association as its forum” (p. 1073).

ment, and regulatory matters in the federal government. By examining its evolution over the years, we can assess how the politicization of the presidency has affected it and its reputation as a neutrally competent agency.

Early Years

In the early twentieth century, the executive branch was not involved in drawing up the budget. Departments reported their budgetary plans directly to Congress, bypassing the president. But a progressive movement for budgetary reform that began at the municipal level and that argued for giving the executive branch more budgetary power as a way to overcome legislative budgetary fragmentation and the resulting rampant corruption became a force in the 1910s at the national level, culminating in the enactment of the Budget and Accounting Act of 1921 (Kahn, 1997). The act marked the beginning of presidential participation in the budget and created one of the most enduring institutions of the presidency, the Bureau of the Budget (BoB) (McCaffery, 1987; Leloup, 1980).

Despite its promise of expanded presidential power, however, that was not the immediate effect of the act. The first BoB Director, Charles G. Dawes, a former colonel, spent much of his time proselytizing economy and efficiency (Mosher, 1984): “The Budget Bureau has no control of policy and is concerned simply with economy and efficiency in the routine business of government. The Bureau of the Budget is simply a business organization whose activities are devoted constantly to the consideration of how money appropriated by Congress can be made to go as far as possible toward the accomplishment of the objects of legislation” (Dawes 1923, p. 178). Staffed by a small number of individuals mostly with military backgrounds, the BoB was supposed to be an institutional guard against wasteful government spending.

Roosevelt and the Institutional Growth of the BoB

National emergencies tend to contribute to the institutional growth of the presidency. And the Great Depression and World War II were seismic events that ushered in the expansion of the presidential power. Still, Franklin Roosevelt lacked an organizational framework that he could use to manage the ever-expanding executive branch. “The President’s task has become impossible for me or any other man,” he lamented. “A man in this position will not be able to survive White House service unless it is simplified. I need executive assistants with a passion for anonymity to be my legs” (quoted in Berman, 1979, p. 11).

Finding himself in a desperate situation, he asked, the Brownlow Committee (Committee on Administrative Management) to provide him with a blueprint for implementing effective executive management.⁷ Many proposals from the committee (such as the Reorganization Plan No. 1 of 1939) were scrapped owing to stiff resistance from Congress (Arnold, 1998). Nevertheless, its spirit survived in the form of Roosevelt's Executive Order (EO) 8248 that created the Executive Office of the President (EOP) and transferred the BoB from the Treasury Department to the EOP (Mosher 1984, p. 67). EO 8248 helped to accelerate the growth of BoB whose number of staff members exploded from 45 to over 600 in 1944. With this explosion in staff, BoB was transformed from an economy-minded agency into a central staff organization for the president. Under the skillful direction of Harold Smith, the newly created Division of Administrative Management within the BoB successfully managed World War II (Mosher, 1984, p. 70).

Eisenhower and the Diminished Management Role of the BoB

Eisenhower's contribution to the managerial presidency is not clear-cut. He did seek to improve the managerial presidency by establishing his own President's Advisory Committee for Government.⁸ This advisory committee, in turn, set the precedent for the reorganization of government to be handled not by independent commissions or congressional initiatives but rather by the presidency (Arnold 1998, p. 228).

During the Eisenhower administration, the BoB saw its managerial power diminished considerably. The Division of Administrative Management—once an important department within the BoB that helped to boost its managerial competence—was eclipsed by the much smaller Office of Management and Organization, consisting, at most, of thirty people, which were about 10% of the total budget staff (Benda & Levine, 1986).

7. The lasting influence of the Brownlow Committee is evident in the fact that it still dominates discussions about executive management. However, James Fesler has noted that despite its accomplishments, "the Brownlow Committee failed to discuss policy coordination, as distinguished from administrative management" (quoted in Mosher, 1988, p. 21).

8. Eisenhower never felt comfortable with President Hoover, so the second Hoover Commission was basically an independent commission unsupported by the president. On account of this, the fate of the commission was already sealed from the start (Arnold, 1998).

The Great Society and Beginnings of the Personal Staff Agency

In the aftermath of Kennedy's landslide victory in the 1964 presidential election and his subsequent assassination, President Johnson felt compelled to pursue Kennedy's policy objectives. The Great Society programs soon inundated the nation and the federal government. Programs began to spew out presidential task forces at a rapid pace (Berman, 1979). For instance, between 1964 and 1967, a flurry of legislative efforts led to the creation of 21 health programs, 17 educational programs, 12 urban development programs, 4 manpower training programs and 17 research development programs (Berman, 1979). Stephen K. Bailey of the Maxwell School at Syracuse University—who chaired a task force under budget director Charles Schultze to report on the management of Great Society programs—lamented that programs were “marred by too many instances of confusion and contradiction” and that “the welfare of individual citizens has too often been lost in a maze of inter-agency and intergovernmental procedures, overlaps, delays and jurisdictional disputes” (quoted in Berman 1979, p. 82).

Meanwhile, the BoB became a “dumping ground” for all sorts of problems that Johnson faced. Abused and understaffed, the BoB and its lofty reputation as a competent institution plummeted. Ben Heineman and his task force on Organization and Management of the Great Society Programs under the BoB reported that the BoB could not properly perform management functions and recommended that a program coordination office be created within the EOP. Johnson ignored the report and hid it from the incoming Nixon administration (Berman, 1979).

Nixon and the Systematic Attempt to Create a Politicized Presidency

President Nixon took administrative management seriously. At the outset of his presidency, Nixon appointed Roy Ash of Litton Industries to head the Advisory Council on Executive Organization. The Ash Council (Executive Council on Executive Organization) aggressively pushed for taking management away from the BoB.⁹ Ash envisioned that an executive management office as serving a central management arm for the president would conduct program evaluation and coordination, legislative clearance, executive personnel development, and organizational

9. Scholars did not doubt the sincerity of Ash Council's attempt to improve management of the executive branch. They recognized that, by the end of 1960s, the BoB was unable to cope with increasingly complicated administrative problems. According to Allen Schick, managerial problems in the late 1960s pointed to “a slippage in the perceived ability of the Bureau to discharge the functions it had acquired over the past half century” (1970, 520).

improvement (Berman 1979, p. 107). In the end, the attempt to break up the BoB died quickly in Congress. But Reorganization Plan No. 2, which Nixon proposed to Congress in 1970, was eventually approved by Congress after initial resistance from a House subcommittee; Nixon then issued Executive Order 11541 that renamed the BoB the OMB and created management divisions within it (Berman, 1979).

To rein in unresponsive bureaucrats, the Nixon administration politicized the OMB by placing program associate directors (PADs) between the OMB director and career staff (Tomkin, 1998). Communications between deputy directors and career staff began to be hampered by this layer of political appointees (Tomkin, 1998).¹⁰

Table 1. Thickening in the OMB, 1960-92

Year	Management Layers
1960	1 director 1 deputy director 8 assistant directors/counsels
1972	1 director 1 deputy director 2 associate directors/counsels 9 assistant directors
1980	1 director 1 deputy director 3 executive associate directors 6 associate directors/counsels 13 deputy associate directors 7 assistant directors
1992	1 director 1 principal deputy director 1 deputy director for management 2 executive associate directors 8 associate directors/counsels 12 deputy associate directors 4 assistant directors 3 deputy assistant directors

Source: Light, 1995, p. 154.

10. Even though he was not a program associate director in the OMB, ex-White House aide John Ehrlichman expressed the mood the White House imposed on bureaucrats: “When we say jump, the answer should be how high” (quoted in Aberbach & Rockman 1999, 166).

Berman observed that “critics charge that the PADs are too political, possess too little program knowledge, remain in OMB too short a time to obtain that program knowledge, do not trust careerists, and, by handling the political interface which the Director used to handle, have eroded the independence of division chiefs and the decision-role of the Director” (1979, 118).

The subsequent confrontation between the president and Congress concerning the impoundment crisis intensified the politicization of the OMB. The Watergate scandal—during which the OMB virtually ran the government because Nixon was facing impending impeachment—not only worsened relations between the OMB and government agencies but also increased the visibility of the OMB and compromised its neutral status (Tomkin, 1998).¹¹

Reagan and the Politicized Presidency at Full Tilt

Reagan showed the full potential of how presidents can use presidential institutions to push their ideology.¹² The politicization of the OMB in the Reagan administration started with top-down budgeting. Budget director David Stockman and power elites of the White House called the Legislative Strategy Group reversed the previous bottom-up budgetary process in which agencies had prepared for annual budgetary plans (Hecklo, 1984). Each new round of spending cuts was dictated by the Legislative Strategy Group. Stockman had learned all the details and procedures that budgeting required as Republican House member (Hecklo, 1984, p. 271). As OMB director, he used his forceful personality to take control of the budget process. Careful examinations of budgets were abandoned and OMB staff had to cope with ad hoc target numbers that Stockman pulled out of thin air in his negotiations with Congress. The main job of the OMB was selling the president’s budget to Congress. The OMB became a vital political engine that served Stockman and the president.¹³ The successful 1981 tax cuts, which were effected through a clever use

11. Impoundment refers to a presidential action whereby the president refuses to spend the money appropriated by Congress (Schick, 2007). President Nixon repeatedly refused to spend the money appropriated by the Democratic Congress, infuriating Democrats (Schick, 1980, 1981).

12. Although I do not address the Ford and Carter administrations in this article, that does not mean that they did not contribute to the politicization of the presidency. Carter’s zero-based budgeting project and his daily discussions with the OMB over budget issues are legendary. However, in the end, they were not in the White House long enough to have an impact that is relevant to the issue I am discussing.

13. Given his colorful personality, it came as no surprise when Stockman said that he didn’t

of the budget reconciliation process, drew seething reactions from the Democratic Congress.¹⁴

Another notable feature in the Reagan administration was EO 12291 and 12498 that required the OMB to regulate agencies (Cooper & West, 1988). Executive Order 12291 mandated regulatory impact analyses (RIAs) for all proposed and final agency rules, while EO 12498 instructed agencies to prepare annual agendas that listed ongoing or planned rulemaking activities. The OMB was given the authority to change or obstruct agency initiatives in a variety of ways. Although the OMB insisted that EO12291 was simply a cost-benefit analysis requirement for federal regulations, the areas frequently subjected to the OMB's supervision were those mainly associated with the Democratic Party: the environment, health, and public safety (Cooper & West, 1988). The OMB was once again serving as a partisan tool to facilitate the president's policy goals. The 1989 Department of Housing and Urban Development scandal that revealed that the department systematically favored Republican contractors made it clear that OMB had forsaken effective management of the executive branch (Moe, R. C., 1991).

Table 2. Characteristics of Politicization of the BoB/OMB by Period

Period	Degree of Politicization	Characteristics
early years	Low	- remains a small agency focused on frugality rather than expansive spending
Roosevelt era	low	- institutional expansion - plays a major role in assisting American efforts in World War II
Eisenhower era	medium	- managerial capacity diminished considerably

believe in Reaganite supply-side economics (which Bush had called voodoo economics in the 1980 presidential campaign). His remarks in *The Atlantic Monthly* drew great ire from President Reagan (Stockman, 1986; Greider, 1981)

14. Budget reconciliation is a unique Congressional procedure that brings both revenue and spending into compliance with the levels set by the budget resolution (specified by the Congressional Budget Act of 1974). It has often been used by politicians who want to pass tax cut legislation because unlike other bills that require at least 60 votes to break a filibuster, passing a budget reconciliation bill only requires a simple majority vote (Shick, 2007). The most recent reconciliation attempt was made by the Trump administration when it was pushing for a \$1.5 trillion tax cut in late 2017.

Johnson era	medium-high	<ul style="list-style-type: none"> - overloaded by an explosion of governmental programs thanks to the Great Society, resulting in confusion and contradictions with respect to the programs and administrative procedures - abused and understaffed
Nixon era	high	<ul style="list-style-type: none"> - name of the agency changed from BoB to OMB - placement of politically appointed “program associate directors” between OMB director and career staff, creating a political layer in the agency - engulfed by the Watergate scandal and the impoundment crisis
Reagan era	high	<ul style="list-style-type: none"> - Legislative Study Group composed of the OMB director and White House officials replace a traditional bottom-up budgetary process - EO 12498 and 12291 instructing agencies to prepare annual agendas concerning rulemaking activities and conduct a cost-benefit analysis for federal regulations issued (Democratic Party programs heavily scrutinized by the OMB)

The evolution of the OMB demonstrates how an agency with an outstanding reputation for professional expertise and political neutrality has gotten caught up in the web of the politicized world of the modern presidency. The following section offers an assessment of the politicized OMB and compares it with the Congressional Budget Office (CBO), the OMB’s counterpart in Congress. The comparison demonstrates the difference between these institutions with respect to neutral competence.

ASSESSMENT OF POLITICIZED OMB

OMB’s Evolution from a Neutral Agency to a Politicized Presidential Arm

As the presidency became politicized and the politicization intensified, the OMB gradually lost its management capabilities. And in the process, its luster as a professional staff agency with neutral competence has worn off as well.

Ronald Moe, an astute observer of the federal government for a long time, argued that management does not mean “control.” If management means control, most observers of the federal government would agree that the OMB seemed to manage federal agencies and programs quite well through its clearinghouse roles and regulatory review processes. But “if management is principally conceived of as providing the organizational planning, human and material resources, and leader-

ship to assist agencies and managers to accomplish their statutory mission, then critics assert that OMB is falling short” (1986, p. 147).

Lost in politicization was the beneficial role neutral competence played in bureaucracy. Another astute observer of the federal bureaucracy, Hugh Heclo, noted that “one of the most neglected” performance standards “by the moralizing fervor outside government” is neutral competence (1999, 132). According to him, neutral competence requires “a continuous, uncommitted facility” directed toward political leadership (132). It mandates providing “partisan bosses” with “cooperation” and “independent judgment” and doing that for a series of political leaders (132). Neutral competence encompasses not just the ability to follow directives but also the professional knowledge and skills to navigate in a web of bureaucracy. It is defined by “a strange amalgam of loyalty that argues back, partisanship that shifts with the changing partisans, independence that depends on others” (132).

Holding his definition of neutral competence up to what the OMB came to be, it is clear that the OMB has failed miserably as a neutrally competent institution. It is also worth noting that as the OMB’s politicization accelerated, the CBO was established and began developing a reputation as a non-partisan professional agency for budgetary matters that eventually surpassed that of the OMB.

The Emergence of the CBO as the Neutral Counterpart to the OMB

The CBO was created in 1974 thanks to the passage of the Congressional Budget Act.¹⁵ Congress controlled the national budget from the early republic to the 1920s, but the birth of the BoB and executive budgeting changed the trajectory. Between the 1940s and 1960s, with the expanding role of the presidency and U.S. participation in World War II, Korean War, Cold War, and Vietnam War executive budgeting came to dominate American political life. Threatened and cornered by the president’s expansive power backed by the BoB/OMB, Congress counteracted with the Congressional Budget Act and created the CBO (Schick, 2007).

Despite a short history, the CBO has built a reputation as a nonpartisan, objective authority on national policies with budgetary significance. There have been many times that the CBO, like the OMB, has been threatened by politicization. But in each occasion, the CBO has risen above partisan skirmishes and averted the fate of the OMB. Among the many controversies that have engulfed the agency, three

15. I introduce the CBO here because it is a budgetary agency similar to the OMB that was established to counter the budgetary prowess of the OMB. Juxtaposing the two agencies helps facilitate comparisons regarding agency politicization.

stand out that illuminate the CBO's impartiality. The first controversy dates to the Clinton administration. In 1993, President Clinton, through a task force led by the first lady Hillary Clinton, launched a health care reform proposal that would have offered universal coverage for the American people. The federal budget needed for the reform was the subject of intense debate, as the federal government was facing budget deficits that Congress tried to control with a constitutional balanced budget amendment (Joyce, 2011). Thus, the reform had to be deficit-neutral. The president himself promised that he would pay attention to a CBO scoring of the reform. A reform without cost containment would have trouble passing through Congress. In February 1994, the CBO released its scoring and concluded that the health care plan would result in deficits of \$70 billion for the five year period between 1995 and 2000. The report served as a rebuke to the administration's claim that the reform would not increase the deficit but would rather slash it by \$60 billion (Joyce, 2011). Although the report also took a favorable view of the reform's long-term prospects, noting that it would eventually cut national health care spending and the federal deficit, politics and media attention fixated on the \$70 billion number (Joyce, 2011). Those, who had pushed for the reform at the time, recalled later that the CBO estimate was responsible for the fizzling out of the reform, along with the Clinton administration's unwillingness to work with Congress (Joyce, 2011).

The second major controversy also centered on a health care reform proposal, namely the Patient Protection and Affordable Care Act, otherwise known as Obamacare. As with Clinton's health care reform package, Obama's was constrained by federal deficits, particularly in the wake of the 2008 Great Recession, the worst financial crisis since the Great Depression. The recession was the major reason the Obama administration did not pursue the reform during Obama's first year in the White House (Joyce, 2011). The recession meant that any reform effort needed to be cost conscious and at the very least deficit neutral. President Obama reiterated the commitment to a deficit-neutral package in his speech to a joint session of Congress. Thus, a favorable CBO estimate would be crucial to the reform's passage by Congress. The Obama administration also made a tactical decision to have Congress handle the reform so as to avoid the morass Clinton's reform proposal led to (Joyce, 2011). Led by the Senate Finance Committee, the reform proposal was modified multiple times, accompanied by differing CBO estimates. But these estimates were consistently deficit neutral (Joyce, 2011). The final bill estimated that the reform would shrink deficits by \$143 billion over the next ten years.

During the debate, politicians and the media kept paying special attention to a series of CBO estimates of the cost of the reform. Noted Wall Street Journal commentator David Wessel opined that "in a city riddled with dysfunctional institu-

tions, the CBO survives as a call-it-as-we-see-it outfit that rarely bends to political winds” (quoted in Joyce 2011, p. 200). Partly aided by the Obama administration’s choice to have the reform initiated by the Democratic Congress and the CBO’s hiring of dozens of health care experts right before the reform effort took shape, Obamacare avoided the fate that befell the Clinton health care reform proposal. In the process, the CBO emerged triumphant again as a neutrally competent agency respected by all parties (Joyce 2011).¹⁶ The debate also proved that the CBO has become more prominent as the federal budget has gotten tighter over the years.

The third controversy concerned the Trump administration’s \$1.5 trillion tax cut. Leading up to the tax cut debate, the OMB, led by conservative former South Carolina Congressman Mick Mulvaney, spearheaded the administration’s push for the reform and clamored for a dynamic scoring that considered the multiplying effects of a tax cut on the economy so as to assuage the public’s angst over any huge deficits that would ensue from the cut. Backed by the OMB and Secretary of Treasury Mnuchin, the Trump administration claimed that the tax cut would pay for itself. The administration insisted that the tax cut would generate robust economic growth and make up for the loss of federal revenues from the cut. The administration assumed a 3% economic growth, a significant variant from the 1.8 or 1.9% on which the CBO and most economists agreed. When the CBO argued that the administration’s number was overly optimistic and that the tax cut would generate a \$720 billion deficit by 2027, Mulvaney criticized the CBO and claimed that it was no longer an agency to be trusted; the administration continued to attack the CBO and its credibility through a White House video posted on Twitter that claimed that “the Congressional Budget Office’s math does not add up” (Rapporteur, 2017; Rattner, 2017). The Department of Treasury released a one-page analysis arguing that the \$1.5 trillion tax cut would instead produce a surplus. That drew criticism even from a conservative economist, Douglas Holtz-Eakin, who said that “it looks to me like it’s a restatement of their [the administration’s] budget” rather than a detailed analysis of the tax cut’s impact on the budget (quoted in Rappeport & Tankersley, 2017).

The tax cut eventually passed Congress with the Senate using the budget reconciliation process that only requires only a simple majority instead of 60 votes to prevent a filibuster. The CBO emerged from the debate unscathed, whereas the OMB’s reputation was further damaged. The fact that OMB chief Mick Mulvaney

16. Joyce (2011) also noted, however, that the CBO was criticized on the grounds that its focus was narrow in attending to the cost estimates of Obamacare at the expense of exploring the reform’s broad economic effects.

was chosen as the chief of staff after John F. Kelly resigned from the post in December 2018 further showed the effects of politicization on the once proud institution (Tackett & Haberman, 2018). Mulvaney's loyalty to President Trump was the major criteria in Trump's selecting him as his chief of staff (Associated Press, 2018). Although he was a fiscal conservative during his days as a congressman and a member of the House Freedom Caucus—a Tea Party faction of the Republican Party—Mulvaney, in a gesture that indicates he will support whatever policies President Trump puts forth, flatly said that “I’m the director of the Office of Management and Budget” and “my job is to fund the president’s priorities” (quoted in the Associated Press, 2018).

The CBO's rise as a neutrally competent institution also can be attributed to astute leadership. Leaders like Alice Rivlin demonstrated tremendous stewardship when the CBO was threatened by partisanship and polarization. Whenever controversies erupted over national policies, the CBO's leaders worked to ensure that it did not take sides. Notable in CBO's rise to prominence over the course of dozens of political debates was the absence of the OMB from the public spotlight. Perhaps what the former comptroller general (director of the Government Accountability Office) Elmer Staats said of the CBO was true: “It is easier to be nonpartisan when you have 535 masters than when you have one!” (quoted in Joyce 2011, p. 235).

Tangible evidence demonstrates that the CBO has been more politically neutral than its administrative counterpart. Erika Engstrom and Samuel Kernell (1999) compared deficit projections of the OMB and the CBO between 1978 and 1999 and found that, except for 1983 and 1992, the OMB's deficit projections were consistently lower than the CBO's, suggesting that the OMB tried to shield the president from the weariness of the public in the face of growing government deficits.

CONCLUSION

Despite limited constitutional powers, the modern presidency has become omnipresent in national affairs. Indeed, the president is expected to be everything for everyone. As the scope of national affairs has vastly expanded, the presidency itself came to be heavily politicized and centralized. And, with that, agencies supporting the president began to suffer.

The OMB was once the most professional staff agency in Washington, DC. It successfully managed World War II, but, in the last half of the twentieth century, it was engulfed in controversies, as the politicized presidency replaced the managerial presidency. In the process, it lost its reputation as the nation's foremost authority

on budgetary matters. Soon, the agency was replaced by another formidable agency, the CBO, as the foremost nonpartisan voice with neutral competence. Few regard OMB estimates as objective any more. Members of Congress, the public, and the media take only CBO scores seriously when estimating the long-term impact of legislation or a budget. The CBO itself has survived politicization by maintaining its nonpartisan stance.

Looking back on what has transpired in the modern presidency, it is hard to blame just the politicized presidency for the ruination of professional staff agencies like the OMB. The United States has been challenged as an economic superpower by the likes of Japan and Germany to the point that American car manufacturers had to seek government help to avert bankruptcy in the 2000s. Slow economic growth and demands for welfare services have resulted in the snowballing of the national debt. The United States has had only five budgetary surplus years since 1969 (Lee, Johnson, & Joyce, 2013). In terms of institutional design, the OMB is part of the EOP and part of a presidential inner circle, whereas the CBO serves both parties under the roof of Congress. Institutional limitations certainly played a part in the politicization of the OMB and its decline as an objective voice on national policies.

And, of course, the problem of politicization, however, is not confined to the OMB. It runs deep in the federal bureaucracy. A recent expose in the *New York Times* about the politicization of the intelligence community in the United States documents just one instance. The article reported on allegations that defense officials distorted intelligence information about the progress of a U.S.-led military campaign against the Islamic State (Mazzetti & Apuzzo, 2015). The FBI has been under constant political attack during the Trump administration as it has investigated Trump's dealings with Russia and indicted President Trump's personal advisors one by one (Fandos & Schmidt, 2019). The FCC's net neutrality decision caused public outcry over the agency's politicization and partisanship (Sasso & National Journal, 2015). Hundreds of scientists have been ousted from the EPA, as EPA director Scott Pruitt turned the agency away from research on climate change (Lipton, Vogel, & Friedman, 2018). The Department of Interior has been engulfed in controversy both for its plans for offshore drilling and oil extraction in Alaska (Reuters, 2019) and for reducing the size of Bears Ears National Monument (Lipton & Friedman, 2018). Efforts to curb agency politicization are virtually nonexistent. If anything, agency politicization has intensified, affecting almost all federal agencies in recent years.

Despite these changing circumstances, everyone expects everything from the president and the president is still left with limited, ill-defined presidential powers

in the Constitution. It is no wonder, then, that presidents have turned their eyes to staff agencies that are able to be politically responsive. Given this milieu, the politicized presidency is here to stay. What I have tried to suggest in this article is that there has to be a balance between the political responsiveness demanded of agencies in the modern, politicized presidency and neutral competence in agencies.

Because I have focused on the OMB, I do not address the possibility that the politicization of the presidency may not necessarily lead to agency politicization. Certainly, there are agencies less likely to be politicized by presidential intervention than others. An independent agency such as the Federal Reserve Board may be one; the FDA is another agency that has built a formidable bureaucratic reputation based on scientific knowledge while fighting against political interventions over the years (Carpenter, 2010). Thus, one direction for future study in this area would be to compare institutions that have become politicized and those that have remained independent. In addition, it should be noted that this study only deals with the United States and that agency politicization may work differently in other countries, owing to different cultural characteristics (Park & Han, 2018).

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