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A remarkable inside look at federal budgeting is William Greider, *The Education of David Stockman and Other Americans* (New York: Dutton, 1981). Also read David Stockman's autobiography, *The Triumph of Politics: The Inside Story of the Reagan Revolution* (New York: Harper & Row, 1986). Tax limitations have particularly challenged state and local government budgets in recent years and for a thoughtful recent case study of this problem see Christine R. Martell and Paul Teske "Fiscal Management Implications of the TABOR Bind," *Public Administration Review* 67 (July/August 2007), pp. 673–87.

Three handbooks published by Marcel Dekker are also worth consulting: *Handbook of Public Finance*, (New York: 1998) edited by Fred Thompson and Mark T. Green; *Handbook of Debt Management* (New York: 1996) edited by Gerald J. Miller, and *Public Budgeting and Finance*, 4th ed., (New York: 1997) by Robert T. Golembiewski and Jack Rabin.

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# CHAPTER 13

## Administrative Reorganization: The Concept of the Tides of Reform

... there can be such a thing as too much reform.

Paul C. Light

### READING 13

#### Introduction

Public organizations are in a constant state of flux in respect to both their internal and external environments. A major function of public administrators is facilitating the processes of adapting organizations to external and internal changes. Administrators can press for organizational change in two ways. Changes can take place gradually, in small doses, such as the addition of a new position, a shift in duties of personnel, or an increase or decrease in a program's budget. Even when there is no change in personnel or budgets, there is normally constant flux in relationships between people in organizations and with respect to interest groups outside organizations with which public administrators must relate.

The more dramatic changes, however, are what Paul Appleby referred to some time ago as "episodic changes,"<sup>1</sup> or major shifts in the formal structural arrangements of organizations that can have profound effects upon the "output" of an organization's programs, policies, or services. Episodic changes are normally called "administrative reorganizations" and occur, as Frederick Mosher pointed out in his book *Governmental Reorganizations*, "to bring up-to-date or to permit the bringing up-to-date of those aspects of organizational operations and relationships that have suffered from 'lag'—i.e., that have failed to modify themselves through incremental changes sufficiently to keep up with the changing contexts within which they operate."<sup>2</sup>

Reorganization, according to Mosher, must be "conscious, deliberate, intended and planned" and is generally sparked by six factors: (1) growth in population size, area, or

<sup>1</sup>Paul H. Appleby, "The Significance of the Hoover Commission Report," *The Yale Review*, 39 (September 1949), p. 2.

<sup>2</sup>Frederick C. Mosher, ed., *Governmental Reorganizations: Cases and Commentary* (Indianapolis, Ind.: Bobbs-Merrill Co., 1967), p. 494.



clientele served by an agency; (2) a change in the functions undertaken as a result of new problems faced by an agency; (3) a change in the philosophy of a government program; (4) the consequences of new technology, new equipment, and advancing knowledge; (5) the changing—usually rising—qualifications of personnel; (6) actions taken above agencies that frequently force changes upon them. Thus, whether administrators are aware or not, reorganizations are efforts to adapt their organizations to their surrounding environments—an effort to overcome organizational obsolescence and an attempt to return organizations to “normal equilibrium.” Reorganizations will reoccur at periodic intervals as a part of organizational growth, change, or decline and thus can be considered as a normal and necessary activity.

In a thought-provoking essay by a prominent retired Yale political scientist, Herbert Kaufman, entitled, “Reflections on Administrative Reorganization,”<sup>3</sup> lists several standard prescriptions for undertaking governmental reorganizations: limit the span of control; group related functions under a common command; furnish executives with ample staff assistance; authorize executives to reorganize fairly freely the agencies or units under their command; reduce the vulnerability and obligations of certain agencies and agency heads to political influence; decentralize administration; and increase public participation in the administrative processes. Kaufman finds that each of these prescriptions for reorganization has been tried at one time or another in the federal government and that each contains its own inherent advantages and disadvantages.

The prescription for limiting the span of control, for example argues Kaufman, increases an executive’s potential ability to control his or her organization, though it will generally produce a steeper hierarchy and more administrative layers that, in turn, insulate leaders from front-line operational realities. These reforms can slow down the decision-making processes. On the other hand, increasing public participation in an agency can open the door to more points of view being considered, but it can also encourage narrow political interests and special clientele groups to exert powerful influences over administrative processes, which can run contrary to the wider public interest.

Kaufman stresses that each prescription, therefore, contains “trade-offs” and that there is no right or wrong way to reorganize. Nevertheless, the consequences of reorganization are frequently quite profound, not so much measured in terms of cost reduction or improved efficiency, but rather “the real payoffs are measured in terms of influence, policy, and communication.” Kaufman cites the creation of the Department of Energy in 1977 by President Carter as an important signal inside and outside his administration that stressed where the policy priorities and the direction of presidential influence would be placed. Lifting energy problems to cabinet status decisively communicated the future path of presidential leadership to the country at large as well as internally within government.

So where are we in the twenty-first century with this concept?

In a recent analysis of the concept of governmental reorganization, “The Tides of Reform Revisited: Patterns in Making Government Work, 1945–2002,” Professor Paul Light of New York University draws from his seminal book *The Tides of Reform* to postulate four fundamental, conflicting ideas that have driven governmental reorganizations during the last six decades: (1) “scientific management,” or the application of “scientific principles” that

<sup>3</sup>Herbert Kaufman, “Reflections on Administrative Reorganization,” in *Setting National Priorities: The 1978 Budget*, Joseph Pechman, ed. (Washington, D.C.: The Brookings Institution, 1978).