



OXFORD JOURNALS
OXFORD UNIVERSITY PRESS

Journal of Public Administration Research and Theory, Inc.
Public Management Research Association

Integrating Politics and Organizations: Positive Theory and Public Administration

Author(s): Terry M. Moe

Source: *Journal of Public Administration Research and Theory: J-PART*, Vol. 4, No. 1, The Berkeley Symposium on Public Management (Jan., 1994), pp. 17-25

Published by: [Oxford University Press](#) on behalf of the [Public Management Research Association](#)

Stable URL: <http://www.jstor.org/stable/1181838>

Accessed: 02/04/2013 15:12

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at <http://www.jstor.org/page/info/about/policies/terms.jsp>

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.



Journal of Public Administration Research and Theory, Inc., Oxford University Press, Public Management Research Association are collaborating with JSTOR to digitize, preserve and extend access to *Journal of Public Administration Research and Theory: J-PART*.

<http://www.jstor.org>

Integrating Politics and Organizations: Positive Theory and Public Administration

Terry M. Moe
Stanford University

As I understand it, we've been given a broad mandate here to talk about the state of theory in public administration and where it ought to be headed. I'm not exactly a mainstream member of the field so I do this with a bit of trepidation, knowing that what I have to say may not sit well with some of my colleagues. Diversity and debate are healthy in any field, though, and public administration needs a lot of this—and more. It needs coherent theory, rigorous methods, far greater integration into political science—and constructive suggestions about how to accomplish all this. Our aim should be to reinvigorate public administration and see that it advances to the forefront of modern social science.

Obviously, I can't further the cause too much, if at all, in a brief presentation like this. I'll simply talk about an aspect of public administration theory that I think is especially important: the political foundations of bureaucratic organization. The issues have to do with how bureaucracy emerges out of politics, how it gets structured, and how all this shapes its effectiveness. This is clearly a big chunk of what we want to know about bureaucracy. Yet we haven't made much progress over the years, and the reasons, I claim, are due to underlying weaknesses in the field's theory and methods and to its inattention to politics on matters of organization. In the few pages that follow, I'll briefly try to explain why, and what I think we might be able to do about it. (For readers who are interested, these themes are more fully explored in Moe 1991.)

THE DICHOTOMY THAT WOULDN'T DIE

The natural basis for understanding public bureaucracy is organization theory. In the early days, public administration scholars were leaders in the organizations field, and their concerns for understanding and improving government organization were well reflected in its research agenda. They firmly believed,

J-PART, 4(1994):1:17-25

17/*Journal of Public Administration Research and Theory*

The Berkeley Symposium: Plenary Roundtable

however, that good government required the separation of politics and administration and that public bureaucracy would work best if it were structured and run on business principles. Their ways of thinking about administrative organization—their theories shall we say—were decidedly nonpolitical.

Modern public administration emerged out of a spirited rejection of the politics-administration dichotomy. The insurgents argued that administration is inherently political and must be understood as such. When it came to theory, however, they poured their energies into explaining how the political environment shapes what agencies do in politics—leading, for instance, to theories of capture or subgovernments. While this was certainly an important move, issues of organization were largely shunted aside in the process. They continued to be regarded as nonpolitical and best explained by reference to standard organization theory, which, as political scientists bailed out to study the politics of bureaucracy, was left in the hands of sociologists and social psychologists, whose explanatory interests had nothing to do with politics or government per se.

Thus, long after the politics-administration dichotomy was declared dead, it lived on in the bifurcated structure of the field—with bureaucratic politics understood in one way, bureaucratic organization in another, and no clear connection between the two.

WHY A POLITICAL THEORY OF ORGANIZATION?

The great challenge for public administration is to integrate politics and organization. The fact is, bureaucracy arises out of politics. Decisions about where agencies are located or how they are structured, staffed, and controlled are not made in some objective fashion by organization theorists dedicated to the public good but by politicians and groups who are well aware that the details of organization are often crucial determinants of who gets what in politics. Public bureaucracy is organized as it is because powerful players have incentives to organize it that way.

Absent a political theory of organization, all sorts of misconceptions gain currency. Among other things, there is a common tendency to assume that, through sufficient knowledge and appropriate design, we can eventually have the kind of bureaucracy we want: an effective one.

A standard argument, for example, is that independent regulatory commissions are susceptible to capture, so Congress should simply stop creating agencies of this form. Yet this ignores the possibility that those agencies were literally designed to be

18/J-PART, January 1994

The Berkeley Symposium: Plenary Roundtable

captured and that today's Congresses, like Congresses of the past, will create whatever types of organizations they are under pressure to create. It is not a question of what makes for good government. It is a question of political incentives (Moe 1989).

And so for the presidency. Here, a standard argument is that presidents have violated the neutral competence of the bureaucracy by politicizing appointments and pulling important policy issues into the White House for analysis, coordination, and decision. The argument is that presidents should stop doing this, respect neutral competence, and rely more heavily on the bureaucracy. But there is one big problem: Presidents don't want to do this. They are held responsible by a demanding public for virtually everything that happens in government, and they have strong incentives to take control into their own hands. They politicize and centralize because it is advantageous for them to do so. They will stop when their incentives change (Moe 1985).

Finally, consider an example from a large portion of our public bureaucracy: the public school system. The standard view among education scholars is that schools would perform better if they were smaller, more autonomous, and anchored in a strong sense of community. This is probably true. Yet it also commonly is claimed that these desirable properties can be imposed on schools through appropriate reforms—and there is no theoretical basis for this whatever. The schools did not get the way they are by accident. They are products of a complex system of political control, made up of elected officials, administrators, and interest groups at all levels of government, in which the incentives are stacked in favor of large, bureaucratic schools. Asking the members of this system to create small, autonomous schools with lots of community is like asking members of Congress to stop responding to parochial interests or asking presidents to respect neutral competence. It isn't going to happen, because they have incentives to keep doing what they're doing (Chubb and Moe 1990).

Some readers may disagree with my jaundiced view of politics. Nevertheless, it *is* theoretical, and I hope the general problem I'm trying to underline is clear: Many standard beliefs about bureaucratic organization are not grounded in political theory at all. When they aren't, they easily can turn out to be flatly inconsistent with the realities of politics. To make claims and offer reform proposals that make good political sense, we need a political theory of organization.

19/J-PART, January 1994

THE NEW INSTITUTIONALISM

The "new institutionalism" is in the process of bringing this about. For the past ten years or so, scholars throughout the social sciences have put much greater emphasis on the study of institutions, and in political science this has translated into a new emphasis on seeing government institutions as endogenous. Explaining how political institutions emerge and where their formal and informal properties come from has taken center stage as the most exciting focus of work in political science and is clearly spilling over into public administration.

Most of what passes for institutionalism is historical, concerned with the idiosyncracies of time, culture, and personality. This work is fascinating and useful, but it is not theoretical. Two broad approaches to institutional theory—one sociological, one economic—have stirred up the most interest and support among students of political institutions.

The sociological approach is a combination of garbage can theory, popularized by March and Olsen (1976, among many) and the institutional sociology of John Meyer (for example, Meyer and Rowan 1977). I'm sure that most readers are familiar with these theories so I won't go into them in any detail. I'll just point out that, whatever else one might think of their provocative accounts of organization—which generally involve ambiguity, randomness, endogenous preferences, symbol, myth, legitimacy, and countless other complexities—the fact is their explanations are not individualistic. That is, they do not account for organizations by reference to the interests or strategies of individuals, nor can they say anything about the coalitions or conflicts or collective action problems that animate politics. Political scientists want to know why political actors do what they do, and the sociological approach is not built to explain these things.

The economic approach is. Rational choice has long been a major theoretical influence within political science—much more so than has sociology—not only because of its great analytic power, but also because it is perfectly suited to provide the kinds of explanations political scientists want. Two branches of positive theory are especially relevant to the study of institutions. The first is social choice, which initially developed as an elaborate, highly sophisticated theory of voting, and then, with the new institutionalism, began exploring the way various aspects of institutions—for example, agenda control, formal decision procedures—condition the outcomes and stability of voting processes. The second is the new economics of organization, which began as an

20/J-PART, January 1994

The Berkeley Symposium: Plenary Roundtable

explicit attempt by economists to explain the basic properties of organization—hierarchy, authority, control, cooperation, compliance, decentralization, and the like—and has since been applied and extended in creative ways to the study of political institutions.

In "The New Economics of Organization" (Moe 1984), I argued that the new economics was likely to prove the single most important development in the study of political institutions. Almost ten years later, I can say that it is more than living up to its promise. It is far more powerful than anything sociologists have to offer. Through its component theories—transaction cost economics, agency theory, and the theory of repeated games—it brings the methodology of economics squarely to bear on organizational issues that until recently were not at all well explained. And because it is largely about bargaining and exchange, it easily extends to politics and, in particular, to political institutions that do *not* make decisions primarily through voting—most importantly, the bureaucracy.

The positive theory of institutions is a productive mixture of social choice and the new economics. When the new institutionalism first took off, social choice was already well developed, and it naturally played the predominant role—promoting, in the process, a tendency to focus on voting and thus on institutions that vote, Congress especially. But over time positive theorists began to expand outward from this legislative base, taking as their point of departure congressional efforts to control the bureaucracy. Because political control has little to do directly with voting, positive theorists were thus led to rely much more heavily on the new economics, which is literally designed for this kind of analysis. The new economics, in turn, trained their attention on the rules, procedures, and staffing systems that make up the organization of bureaucracy—for these very properties of organization turn out to be crucial mechanisms of political control and the strategic means, therefore, by which political actors pursue and promote their own interest (see, for example, Moe 1990a, 1990b; McCubbins, Noll, and Weingast 1987).

In this way, and in other ways, the organization of bureaucracy came to have a distinctly political explanation. Organization was no longer seen as separate from politics. Its form and content were understood to arise right out of its politics, tangible reflections of the same strategies, interests, and resources that drive the political process more generally. For the first time, really, there was a coherent theoretical foundation fully capable of integrating politics and organization.

21/J-PART, January 1994

The Berkeley Symposium: Plenary Roundtable

As all this was happening, the task, it seemed to me, was to extend this line of theory aggressively to the study of public bureaucracy—and to get students of public administration, who traditionally have not been wildly enthusiastic about positive theory, to recognize the great potential of this work, and indeed to plunge into it, embrace it as their own, and become active contributors. The fact is, most positive theorists don't care much about bureaucracy as a substantive topic of analysis. As theorists, they seek to incorporate it because it's there: new turf, obviously important, that they can conquer. This is mostly to the good. But if bureaucracy is to be well understood, theory needs to be directed and developed by those with a genuine substantive interest in it—the people in public administration.

MY OWN WORK

For the most part, this is the way I see my own work. I have tried to participate actively in this new literature, both as a contributor and as a critic. As a critic, I have argued among other things, that (1) positive theory puts far too much emphasis on Congress and that we need a broader theory of the "politics of structure" that shifts attention from the legislature to the system; (2) presidents, in particular, play an enormously important role in shaping public organization, a role positive theory consistently and misleadingly overlooks; (3) because the new economics is founded on voluntary exchange and gains from trade, applications tend to overlook the coercive potential of public authority and its profound importance for the politics of structure; and (4) there should be greater attention to issues that have long been central to public administration, especially issues of effective organization and good government.

As a contributor, my theoretical work reflects these departures from the positive theory mainstream. But while these departures give my analysis a different orientation from that of my colleagues, there is a good deal of overlap in what we have to say—and all of us are providing political explanations of organization. This is the key point.

I begin with what is essential to politics: the struggle to control and exercise public authority. I then give separate attention to all major players in the politics of structure, not just legislators, and try to show how the basic structure of bureaucracy emerges out of all this, with special attention to issues of effective organization. Along the way, it becomes clear that the political logic that drives the creation and design of American bureaucracy inescapably subverts the prospects for good government (Moe 1989, 1990a, 1990b; Moe and Wilson forthcoming).

22/J-PART, January 1994

The Berkeley Symposium: Plenary Roundtable

The winners of the political struggle, for instance, want to build effective agencies for themselves. But because they do not own public authority and fear its future capture by opponents, they must also protect their agencies from political uncertainty through all manner of insulating devices—formal procedures, criteria, deadlines, decision rights—that hobble agency performance. This is precisely what the environmentalists did quite purposely to the EPA. Worse, the losers must usually be compromised with if any legislation is to be realized at all; they will often demand structures that promote fragmentation, obstruction, conflict, delay, and otherwise make the agencies' job much more difficult—on purpose. This is the best way to understand the organizational nightmare of OSHA, which was designed with the "help" of its business opponents. (See Moe 1989 for case studies of both the EPA and OSHA.) The result of these and other basic forces in American politics—the struggle between president and Congress, for example—is a cumbersome, complex bureaucracy that is hamstrung by formalism and poorly built to do its job.

This is a grim story about how the American system works. But not all systems work this way. At the heart of my analysis is an attempt to show that different institutional systems put their own distinctive stamps on the politics of structure and in the end produce very different bureaucracies. The key to the American system is that its multiple veto points make it extremely difficult to overturn anything that becomes law, with the result that formalization has great value as a strategy by which virtually all actors can protect and promote their interests. Hence the crippling overformalization of American bureaucracy. In a Westminster parliamentary system, on the other hand, things work very differently.

A Westminster system concentrates authority, making it relatively easy for the majority party to enact and overturn laws. Anything that is formalized today can readily be overturned by whatever party holds power later on, and thus it has little protective or strategic value in the politics of structure. Bureaucracies in a Westminster system do not, as a result, get buried in excessive formal restrictions as American bureaucracies do; in fact they are likely to be granted substantial discretion, organized for effective performance, and coordinated through a coherent structure of democratic control. A striking contrast, all due to the larger institutional setting and the stamp it imposes on the politics of structure (Moe 1990b; Moe and Caldwell forthcoming).

I may or may not be right about these things. But I believe the thrust of this work is in the right direction: it is an attempt to

23/J-PART, January 1994

The Berkeley Symposium: Plenary Roundtable

provide a political explanation, anchored in the decisions of individuals, for the organization of government. It is an attempt, in other words, to build a theory that integrates politics and organization.

CONCLUSION

In my view, positive theory is the only game in town for those of us working toward a coherent theory of public administration. Sociological theories can't hold a candle to it. With the rise of the new institutionalism, and particularly the new economics of organization, the tools it offers are not only analytically powerful, they are also perfectly suited to the sorts of issues that public administration has long sought to investigate and understand. Much of this work is informal and nontechnical and is thus accessible—as readers and contributors—to those of us who don't have a Ph.D. in math.

By investing heavily in positive theory, students of public administration would not be selling out their field to aliens. They would simply be embracing a new way of thinking about bureaucracy and government and then finding their own ways to contribute—through empirical work (including histories and case studies), informal theories, formal models, and so forth. Everyone has an important role to play in the division of labor. The modelers are just a small part of the enterprise.

The important thing is that positive theory provides a common framework that we all can share and use, one that structures everyone's thinking in the same productive ways. It is already well on the way to providing us with a well-developed theory that successfully integrates the two historically separated sides of public administration: organization and politics. In the future, it promises to tie public administration to a full range of cutting-edge developments in other areas of political science and economics and thus to integrate the field into the most exciting theoretical work in social science.

Sounds pretty good to me.

24/J-PART, January 1994

The Berkeley Symposium: Plenary Roundtable

REFERENCES

- Chubb, John E., and Moe, Terry M.
1990 *Politics, Markets, and America's Schools*. Washington, D.C.: Brookings.
- McCubbins, Mathew; Noll, Roger G.; and Weingast, Barry R.
1987 "Administrative Procedures as Instruments of Political Control." *Journal of Law, Economics, and Organization* 3:243-77.
- March, James G., and Olsen, Johan P.
1976 *Ambiguity and Choice in Organizations*. Bergen, Norway: Universitetsforlaget.
- Meyer, John W., and Rowan, Brian.
1977 "Institutionalized Organizations: Formal Structure as Myth and Ceremony." *American Journal of Sociology* 83:340-63.
- Moe, Terry M.
1984 "The New Economics of Organization." *American Journal of Political Science* 28:(Nov.):739-77.
1985 "The Politicized Presidency." In John E. Chubb and Paul E. Peterson, eds. *The New Direction in American Politics*. Washington, D.C.: Brookings.
1989 "The Politics of Bureaucratic Structure." In John E. Chubb and Paul E. Peterson, eds. *Can the Government Govern?* Washington, D.C.: Brookings.
1990a "The Politics of Structural Choice: Toward a Theory of Public Bureaucracy." In Oliver E. Williamson, ed. *Organization Theory: From Chester Barnard to the Present and Beyond*. New York: Oxford University Press.
- 1990b "Political Institutions: The Neglected Side of the Story." *Journal of Law, Economics, and Organization* 6:213-53.
- 1991 "Politics and the Theory of Organization." *Journal of Law, Economics, and Organization* 7:106-29.
- Moe, Terry M., and Caldwell, Michael.
"The Institutional Foundations of Democratic Government: A Comparison of Presidential and Parliamentary Systems." *Journal of Institutional and Theoretical Economics*. Forthcoming.
- Moe, Terry M., and Wilson, Scott A.
"Presidents and the Politics of Structure." *Law and Contemporary Problems*. Forthcoming.

25/J-PART, January 1994