

The Intellectual Mainstream in American Public Administration

Wilson's Point of Departure

The beginning of modern inquiry in American public administration is often identified with Woodrow Wilson's essay "The Study of Administration" published in 1887. Frank J. Goodnow's *Politics and Administration* (1900) is another important statement of the classical theory of administration which is highly congruent with Wilson's formulation. In this discussion I shall rely upon Wilson's essay and his book *Congressional Government* (1956; originally published in 1885) for an analysis of the theoretical foundations of American scholarship in public administration.

I do not wish to imply that the theory was original with Wilson and that others consciously followed in his footsteps.¹ Rather, I assume that Wilson used an approach which he found helpful in his work and that this approach was shared by other scholars who undertook graduate study in the newly organized departments of political science during the late nineteenth century. Many scholars in succeeding generations have, in turn, gone back to Wilson's work and found affirmation and inspiration for their own work (e.g., Caldwell, 1965; Dimock, 1937; Millett, 1959; Wengert, 1942; White, 1948).

Wilson's Theoretical Presumptions

Wilson's choice of where to "take hold" of his subject is best formulated in *Congressional Government* (1956). The essential con-

cern of a political scientist, according to Wilson, is to reveal "the real depositories and the essential machinery of power." Wilson's conception of "reality" in politics rests on the presumption that "there is always a centre of power" within any system of government (my emphasis). The task of the scholar is to identify (1) "where in this system is that centre?" (2) "in whose hands is [this] self-sufficient authority lodged?" and (3) "through what agencies does that authority speak and act?" (Wilson, 1956: 30). Once the center for the exercise of sovereign prerogative is identified, the structure of authority can be unraveled and the symmetry of social life in that political order can be understood.

Scholars must be prepared to penetrate the facade of political forms and focus upon the essential realities of power. The "literary theory" of the American Constitution, according to Wilson, was based on "a balance of powers and a nice adjustment of interactive checks," which deny the presumption of a single controlling force in American politics. This was the facade, the "literary theory," or the "paper picture" of the American political system (Wilson, 1956: 31).

But what are the realities in the practical conduct of government? Wilson's central thesis in *Congressional Government* is a response to that question: "The predominant and controlling force, the centre and the source of all motive and all regulative power, is Congress." He then goes on to observe: "All niceties of constitutional restriction and even many broad principles of constitutional limitations have been overridden, and a thoroughly organized system of congressional control was set up which gives a very rude negative to some theories of balance and some schemes for distributed power, but which suits well with convenience and does violence to none of the principles of self-government contained in the Constitution" (Wilson, 1956: 31; my emphasis). Throughout his analysis in *Congressional Government*, Wilson recognized that the forms inherent in the "literary theory" of the American constitutional system did have substantial significance for political practice. The checks and balances created impediments to a smooth and harmonious relationship among the various decision structures within the

American system of government. To drive his point home, Wilson observed that “those checks and balances have proved mischievous just to the extent to which they have succeeded in establishing themselves as realities” (Wilson, 1956: 187; my emphasis).

The central axiom in Wilson’s political theory is the proposition that “the more power is divided the more irresponsible it becomes”² (Wilson, 1956: 77). Wilson’s model for political organization was the British parliamentary system. “The natural, the inevitable tendency of every system of self-government like our own and the British,” Wilson observes, “is to exalt the representative body, the people’s parliament, to a position of **absolute supremacy**” (Wilson, 1956: 203; my emphasis). The forces of reality were leading the Americans to adjust sovereignty accordingly. “The plain tendency” that Wilson saw “is toward a centralization of all the greater powers of government in the hands of federal authorities, and toward the practical confirmation of these **prerogatives of supreme over-lordship** which Congress has been gradually arrogating to itself. The central government is constantly becoming stronger and more active, and Congress is establishing itself as the **one sovereign authority** in that government” (Wilson, 1956: 205; my emphasis).

Once the principle is accepted that the representatives of the people are the proper ultimate authority in all matters of government, the originating and controlling force in the politics of a nation resides in its legislative body. It determines what shall be done; and the executive “is plainly bound in duty to render **unquestioning obedience to Congress**” (Wilson, 1956: 181; my emphasis). Those who fix the policies that the administration is to serve should be strictly accountable to the choice of the majority. Beyond that, the condition of self-government requires that “a sharp line of distinction” be made “between those offices which are political and those which are *non-political*” (Wilson’s emphasis). “The strictest rules of business discipline, of merit tenure and earned promotion, must rule every office whose incumbent has not to do with choosing between policies” (Wilson, 1956: 190).

Wilson’s Theory of Administration

Wilson’s theory of administration is based on this “sharp line of distinction” between “politics” and “administration.” He defines politics as the enactment of public law, as the formulation of public policy (Wilson, 1887: 198, 212). Public administration is defined as the detailed and systematic execution of public law (Wilson, 1887: 212). Governments may differ in the political principles underlying their constitutions; but principles of good administration are much the same in any system of government. That there is “but one rule of good administration for all governments alike” is the basic thesis in Wilson’s theory of administration (Wilson, 1887: 202).³

The science of administration, according to Wilson, was most fully developed by French and German scholars at the turn of the century (Wilson, 1887: 202). The practice of administration was most highly perfected in Prussia under Frederick the Great and Frederick William III and in France under Napoleon (Wilson, 1887: 204–205). Monarchies and democracies may differ with respect to the political structures of their constitutions, but their administrative systems operate on the same technical principles (Wilson, 1887: 218): “When we study the administrative systems of France and Germany, knowing that we are not in search of *political* principles, we need not care a peppercorn for the constitutional and political reasons which Frenchmen and Germans give for their practices when explaining them to us. . . . If I see a monarchist dyed in the wool, I can learn his business methods without changing one of my republican spots” (Wilson, 1887: 220; Wilson’s emphasis).

Wilson’s thesis that there is “but one rule of good administration for all governments alike” carries two correlative implications. First, a theory or science of public administration is applicable to all political regimes; and second, a theory of administration is a general theory as distinct from the limited theories inherent in the ideological preoccupations of political theorists. Administration is an invariant relationship in all systems of government; thus a science of administration has universal applicability to all political systems. Wilson could conceive

of a theory of democratic government but **not** a theory of **democratic administration**.

Wilson also sustains the conclusion that modernity in human civilization is associated with the perfection of a system of "good" administration (Wilson, 1887: 204).⁴ A system of "good" administration will be hierarchically ordered in a system of graded ranks subject to political direction by heads of departments at the center of government. The ranks of administration will be filled by a corps of technically trained civil servants "prepared by a special schooling and drilled, after appointment, into a perfected organization, with an appropriate hierarchy and characteristic discipline" (Wilson, 1887: 216). Perfection in administrative organization is attained in a hierarchically ordered and professionally trained public service. Efficiency is attained by the perfection of this structural arrangement. Wilson also conceptualizes efficiency in economic terms: "the utmost possible efficiency and at the least possible cost of either money or of energy" (Wilson, 1887: 197). Thus perfection in hierarchical ordering will maximize efficiency as measured by least cost expended in money or effort in realizing policy objectives.

Basic Propositions in the Wilsonian Paradigm

The basic propositions inherent in the paradigm that Wilson proposed to use in building a science of administration can be summarized as follows:

1. There will always be a single dominant center of power in any system of government; and the government of a society will be controlled by that single center of power.
2. The more power is divided the more irresponsible it becomes; or, alternatively, the more power is unified and directed from a single center the more responsible it will become.
3. The structure of a constitution defines and determines the composition of that center of power and establishes

the political structure relative to the enactment of law and the control of administration. Every system of democratic government will exalt the people's representatives to a position of absolute sovereignty.

4. The field of politics sets the task for administration, but the field of administration lies outside the proper sphere of politics.
5. All modern governments will have a strong structural similarity so far as administrative functions are concerned.
6. Perfection in the hierarchical ordering of a professionally trained public service provides the structural conditions necessary for "good" administration.
7. Perfection in hierarchical organization will maximize efficiency as measured by least cost expended in money and effort.
8. Perfection of "good" administration as defined above is a necessary condition for modernity in human civilization and for the advancement of human welfare.

If these basic propositions advanced by Wilson are representative of a paradigm used in constituting a scholarly tradition, we would expect other scholars to present similar theoretical formulations. We would also expect research efforts to be predicated upon these same theoretical foundations. To indicate the generality of the paradigm, I shall briefly consider the congruence of Wilson's paradigm with Max Weber's theory of bureaucracy⁵ and with the governmental research and administrative survey tradition.

Weber's Theory of Bureaucracy

Congruence

Max Weber was concerned with the development of a general social theory that would provide an understanding of human

civilization. Bureaucracy, for Weber, was a necessary condition, or an organizational means, for maintaining the legal, economic, and technical rationality inherent in modern civilization. Weber viewed the modern state as being "monocratic" or single-centered (Gerth and Mills, 1946: 214; Rheinstein, 1954: 349–350).⁶ Rationality in administration depended upon a structure of hierarchical relationships. Weber's work sustains all of Wilson's essential theses. The congruence in their work is immediately revealed in a brief synopsis of some of Weber's key points of emphasis.

Bureaucratic organizations, for Weber, are technically superior to all other forms of organization—comparable to the technical superiority of a machine over nonmechanical modes of production. Precision, speed, knowledge, continuity, discretion, unity, strict subordination, and reduction of friction and of material and personal costs are the attributes of strictly bureaucratic administration. Bureaucracy emphasizes an "objective" organization of conduct according to calculable rules without regard to persons. A bureaucratic official conducts his office with formalistic impersonality applying the rule to the factual situation without hatred or passion. "Bureaucracy has a 'rational' character: rules, means, ends, and matter-of-factness dominate its bearings" (Gerth and Mills, 1946: 214, 215, 244).

Weber concurs with Wilson's position that perfection in bureaucratic administration depends upon rigorous exclusion of politics from the routines of administration. Bureaucracy depends upon the technical application of calculable rules of law to factual situations in a logically rigorous and machinelike manner. This rational character of bureaucratic administration led Weber, like Wilson, to associate bureaucratization with the development of modern civilization. "The nature of modern civilization, especially its technical-economic substructure," according to Weber, requires the "calculability of consequences" realized by bureaucratic organization: "Above all, bureaucratization offers the optimal possibility for the realization of the principle of division of labor in administration according to purely technical considerations, allocating individual tasks to

functionaries who are trained as specialists and who continuously add to their experiences by constant practice" (Rheinstein, 1954: 350). The advance of modern civilization and the perfection of bureaucracy, presumably, go hand in hand.

Anomalies

Max Weber's characterization of bureaucracy is largely associated with his specification of the **conditions** of bureaucratic organization as an ideal type. When Weber goes on to consider the social and political consequences associated with the **perfection** of bureaucratic organization, he presents some highly anomalous themes.⁷ "Where the bureaucratization of administration has been completely carried through," Weber anticipates that "a form of power relationship is established which is virtually indestructible." It is an instrument that can be "easily made to work for anybody who knows how to gain control over it" (Gerth and Mills, 1946: 228). Bureaucracy, in effect, will serve any political master. "Hence," according to Weber, "the bureaucratic machinery continues to function for the successful revolutionaries or the occupying enemy just as it has been functioning for the legal government" (Rheinstein, 1954: xxxiv).

When viewed from the perspectives of the individual bureaucrat, the virtual indestructibility of the perfected bureaucratic machine implies, in Weber's words, that "the individual bureaucrat cannot squirm out of the apparatus in which he is harnessed. The professional bureaucrat is chained to his activity by his entire material and ideal existence. He is only a single cog in an ever moving mechanism which prescribes for him an essentially fixed route of march. . . . The individual bureaucrat is thus forged to the community of all the functionaries who are integrated into the mechanism" (Gerth and Mills, 1946: 228).

The ruled are as powerless as the individual bureaucrat in dealing with the fully developed bureaucratic apparatus. Once perfected, the bureaucratic apparatus cannot, according to Weber, be dispensed with or replaced. "If the official stops working,

or if his work is forcefully interrupted, chaos results and it is difficult to improvise replacements from among the governed who are fit to master such chaos." More and more the material fate of the masses depends upon the operation of bureaucratic organizations. "The idea of eliminating these organizations," Weber concludes, "becomes more and more utopian" (Gerth and Mills, 1946: 229).

In the context of these observations, Weber notes that altering the course of conduct in a bureaucratic machine normally depends upon the initiative of those at the very top. He goes on, however, to indicate the powerlessness of those at the top: "Under normal conditions, the power position of a fully developed bureaucracy is always overtowering. The 'political master' finds himself in the position of the 'dilettante' who stands opposite the 'expert,' facing the trained official who stands within the management of administration." Weber contends that this powerlessness of the "master" holds whether the master is a "people," a "parliament," an "aristocracy," a "popularly elected president," or a "monarch." "The absolute monarch is powerless opposite the superior knowledge of the bureaucratic expert." Weber also anticipates a coalition of interest between the head of government and the bureaucratic apparatus as against desires of party chiefs operating within legislative bodies in a constitutional government (Gerth and Mills, 1946: 232-234).

From this portrait of a "fully developed bureaucracy" we can only conclude that the bureaucratic machine will place the professional bureaucrat in chains, will transform citizens into dependent masses, and will make impotent "dilettantes" of their political "masters." The dominance of a fully developed bureaucracy would render all forms of constitutional rule equally irrelevant. Bureaucracy becomes the exclusive political reality. So far as I know, Weber never attempted to resolve the anomaly or paradox implied by the conclusions he reached about the "full" development of his "ideal" form.⁸ He does, however, indicate that the dominance of a bureaucracy depends upon its capacity to monopolize information behind a facade of secrecy, to preclude competitive rivalry among aspiring officials, and to

monopolize the professional expertise available in a society (Gerth and Mills, 1946: 233-235).

The Research Tradition in American Public Administration

American scholarship in public administration, with a few exceptions, has had little concern for the picture that Max Weber portrayed of the fully developed bureaucracy.⁹ Much of the research in American public administration has made little use of the predictive value of theory to derive hypotheses from theory and then use evidence to support or reject the hypotheses as a test of theory. American public administration is more preoccupied with theory as a prescriptive doctrine that can be used to rationalize and reorganize the structure of administrative relations in accordance with the principles of hierarchical organization. The principles are taken as eternal truths, which can "rescue executive methods from the confusion and costliness of empirical experiment" (Wilson, 1887: 210).

Research in the mainstream of American public administration is usually undertaken with explicit reference to some agency or unit of government, which becomes the unit of analysis. The precepts of the Wilsonian paradigm provide a conceptual yardstick to assess patterns of organization that do not measure up to those precepts. Recommended policy changes are usually made to bring organizational arrangements into conformance with those precepts. When a unit of government exercises general authority over the provision of numerous public services, the standard format of administrative surveys includes a diagnostic assessment of pathologies attributed to the proliferation of agencies, the fragmentation of authority, overlapping jurisdictions, and duplication of services. Duplication of services and overlapping jurisdictions are presumed, on *prima facie* grounds, to be wasteful and inefficient. The proliferation of agencies and the fragmentation of authority are presumed to provoke conflict and create disorder and deadlock.

When research in this tradition focuses on a community of people that is not organized as a unit of government, as in the case of a metropolitan region or a river basin, the axiomatics are simply pushed back a step. In such a case, any community of people must be constituted into a single unit of government with a single center of authority culminating in a unified command. A professionally trained public service organized into a chain of command responsible to a single chief executive will efficiently and responsibly discharge public policies in providing for the overall needs of the community.

Building upon the basic precepts in the Wilsonian paradigm, students of public administration gradually articulated several principles of administration. Such concepts as unity of command, span of control, chain of command, departmentalization by major functions, and direction by single heads of authority in subordinate units of administration are assumed to have universal applicability in the perfection of administrative arrangements. Strengthening of the government is viewed as the equivalent of increasing the authority and powers of the chief executive. General-authority agencies are preferred to limited-authority agencies. Large jurisdictions are preferred to small. Centralized solutions are preferred to the disaggregation of authority among diverse decision structures.¹⁰

The culmination of this research tradition is often identified with the work of the President's Committee on Administrative Management. The committee indeed affirms the essential theses in Wilson's theory of administration. Efficiency in government, according to the committee's *Report*, depends on two conditions: (1) the consent of the governed and (2) good management. The first condition is assured according to the committee's *Report* by the democratic character of the American Constitution.¹¹ The second condition, efficient management, however, "must be built into a piece of machinery." The principles of efficient management "have emerged universally wherever men have worked together for some common purpose, whether through the state, the church, the private association, or the commercial enterprise." The committee implied that principles of efficient management apply to all associations alike. The principles of

management, summarized as "canons of efficiency," were assumed to require "the establishment of a responsible and effective chief executive as the center of energy, direction, and administrative management; the systematic organization of all activity in the hands of a qualified personnel under the direction of the chief executive; and to aid him in this, the establishment of appropriate managerial and staff agencies" (U.S. President's Committee, 1937: 3).

Similarity between the "canons of efficiency" and the traditional principles of hierarchical organization, however, conceals a basic discontinuity in the theory of organization used by the President's Committee in conceptualizing its work. This discontinuity was expressed best by Luther Gulick, a member of the committee and the author of a memorandum on the theory of organization prepared for the committee's use and for the guidance of its staff. That memorandum is often identified as a classical restatement of the traditional theory of public administration. Gulick's "Notes on the Theory of Organization," however, represent an anomalous orthodoxy, which deserves careful scrutiny (Gulick and Urwick, 1937: 3–45). While sustaining an argument on behalf of a general theory of organization, Gulick advances theses that challenge the very foundations of the traditional theory of public administration.

Gulick's Anomalous Orthodoxy

Gulick's essay on the theory of organization begins with a traditional statement of the problem of organization as arising from a need to coordinate work subject to a high degree of specialization and division of labor. Such coordination is attained through "a structure of authority [which] requires not only many men at work in many places at selected times, but also a single directing executive authority" (Gulick and Urwick, 1937: 7). The concept of unity of command, the notion that "one man cannot serve two masters," is central to Gulick's theory of organization (Gulick and Urwick, 1937: 9). It is the function of organization to enable a director to coordinate and energize all of the sub-

divisions of work so that the major objective or task may be achieved efficiently.

Principle of Homogeneity

Following this introduction to his analysis, Gulick presents a concept which he identifies as the principle of homogeneity. The principle of homogeneity implies that the means must be instrumental to the accomplishment of a particular task. Associating two or more nonhomogeneous functions would sacrifice technical efficiency in administration by mixing factors of production that would have the effect of obstructing or impairing the net social product. An educational program, for example, might be impaired if combined with a law enforcement program. Public welfare administration should, similarly, be separated from police administration. "No one," Gulick contends, "would think of combining water supply and public education, or tax administration and public recreation." Those functions are too heterogeneous to be combined in a single agency. Gulick also contends that "politics" and "administration" are heterogeneous functions that cannot be combined within the structure of administration without producing inefficiency (Gulick and Urwick, 1937: 10).

If there are limits upon the grouping of agencies which would impair technical efficiency, the central precepts in Wilson's theory of administration come tumbling down. Efficiency in administration measured in the accomplishment of work at least cost is not necessarily attained through perfection in hierarchical organization. There may be circumstances when hierarchical organization will violate the principle of homogeneity and impair administrative efficiency.

Reorganizing the Chief Executive

Gulick discussed the difficulty of attaining a hierarchical ordering among the municipal agencies of the city of New York

under these circumstances. The Charter Commission of 1934 reached the conclusion that municipal agencies could not be grouped into fewer than twenty-five departments without a loss of efficiency from the grouping of heterogeneous functions. A solution was attained by reorganizing the mayor's office to include three or four assistant mayors. Gulick concluded that this arrangement solved the problem inherent in the conflict between the principles of span of control and of homogeneity "provided the assistant mayors keep out of the technology of the services and devote themselves to the broad aspects of administration and coordination as would the mayor himself" (Gulick and Urwick, 1937: 12). Gulick thus turns to the organization of the executive—meaning the exercise of management activities associated with "the job of the chief executive" (Gulick and Urwick, 1937: 13)—to solve the problems of executive control over agencies performing many heterogeneous functions.

Gulick invented the famous acronym POSDCORB to characterize **the work of the chief executive**. The acronym, as every student of public administration knows, stands for the following activities: planning, organizing, staffing, directing, coordinating, reporting, and budgeting. Gulick notes that several of these functions were being separately institutionalized through different agencies of the Federal government. Budgeting was organized through the Bureau of the Budget, planning through the National Resources Committee, and staffing through the Civil Service Commission. Each of these agencies was viewed by Gulick as "a managerial arm of the chief executive" (Gulick and Urwick, 1937: 14). Together these agencies might be organized as part of a managerial establishment in the Executive Offices of the President.

The Jungle Gym

Having introduced a series of management functions which he associated with **the work of the chief executive**, Gulick then analyzes the task of organizing the "work" units of government without violating the principle of homogeneity. He suggests that

each activity can be classified in accordance with the major **purpose** being served, the **process** being utilized, the **persons or clientele** being served, and the **place** where the service is being rendered. He then suggests that each of these categories can be used as a basis for constituting work units and that one need not be exclusive of another. He thus speaks of vertical and horizontal departments by indicating that a particular department can be organized vertically to serve a major **purpose** such as the provision of public health services. Such activities may also have reference to **processes** requiring such diverse specialties as medicine, law, accounting, engineering, and personnel services, which can be organized into horizontal departments. The principle of "a single structure of authority" had somehow dissolved into a "fabric of organizational interrelations" with multiple networks of cross-departmentalization (Gulick and Urwick, 1937: Chart III, p. 19). The symmetry of a hierarchical pyramid was abandoned for the latticework of a "jungle gym" (Gulick and Urwick, 1937: 20).

Whether to rely primarily on one or another mode of organization in constituting departments or work units is a matter of calculating the relative advantages and disadvantages of each. Whichever mode is used as a primary basis of organization does not exclude the possibility of developing secondary, tertiary, or quaternary networks of organization to gain some of the residual advantage afforded by the other methods. "In an organization built on two or more bases of departmentalization," Gulick suggests, "the executive may use the process departments as a routine means of coordinating the purpose departments" (Gulick and Urwick, 1937: 34). One chain of command can, in effect, be used as a tool for coordinating alternate structures of command.

The Holding Company Idea

Gulick then introduces "the Holding Company Idea" to suggest that "a large enterprise engaged in many complicated activities which do not require extensive or intimate coordination may need only the loosest type of central coordinating authority."

Under such conditions, each activity may be set up, on a purpose basis, as virtually independent, and the central structure of authority may be nothing more than a holding company" (Gulick and Urwick, 1937: 24). The central coordinating authority in such circumstances could relax the primary structure of control and sustain coordination through secondary or tertiary organizations.

By analogy each department of government is likened to a subsidiary. The president is chief executive of the holding company. The Executive Offices of the President became the embodiment of the holding company idea. The managerial agencies of the government that performed the POSDCORB functions would be integrated into the holding company structure. Each would operate as one of several management bureaus. Gulick anticipated that in such a circumstance each department "would be given extensive freedom to carry on as it saw fit and the President at the center of the parent company would not pretend to do more than prevent conflict and competition" (Gulick and Urwick, 1937: 34).

One Master

Gulick argued that not all the activities of government can be appropriately departmentalized on the basis of a single plan of organization (Gulick and Urwick, 1937: 31-32). Different bases of departmentalization can be used, and the choice of which to use is calculated on the basis of relative advantage. The choice of one basis for the first order of departmentalization does not preclude the development of secondary or tertiary forms of organization. The organization of the executive can have recourse to multiple management processes and multiple control structures. A multiple command structure was clearly implied.

Yet Gulick poses his problem in traditional terms and reaffirms conventional wisdom. He is not prepared to abandon the maxim that "a man cannot serve two masters" (Gulick and Urwick, 1937: 31-37). The principle of unity of command presumably can be preserved if **everyone** serves but **one master**. The simple concept

of hierarchy is replaced by a complex "fabric of organizational interrelationships" resembling a "jungle gym" but controlled by a single chief executive (Gulick and Urwick, 1937: 19–20). The management apparatus inherent in the holding company concept with its managing bureaus exercising control over operational agencies necessarily means that the management of each operating agency confronts a multiple command structure. The head of each operating agency might eventually find him or herself in a position comparable to a sergeant receiving commands from a platoon of officers. Unity of command is preserved if the jungle gym apparatus of the executive offices can be penetrated to gain access to the president as "the center of energy, direction and administrative management" (U.S. President's Committee, 1937: 3).

More than a half-century of intellectual effort in American study of public administration was predicated upon an assumption that perfection in the hierarchical organization of administrative arrangements is synonymous with efficiency. Luther Gulick introduced the principle of homogeneity to indicate limits on efficiency in the aggregation of administrative operations into ever larger units of organization. Gulick's effort to provide an alternative structure led him to consider alternative ways for aggregating work units and to suggest the possibility of primary, secondary, tertiary, and quaternary networks of organization. The principle of unity of command was retained by reference to the holding company concept, and Gulick returned from his speculative foray to reaffirm the conventional wisdom that "a man cannot serve two masters" (Gulick and Urwick, 1937: 9).

Simon's Challenge

Herbert Simon undertook the frontal attack which Gulick had avoided. Simon uses the criterion of efficiency as his basic tool to define what is meant by "good" or "correct" administration. "The criterion of efficiency," according to Simon, "dictates that choice which produces the largest result from the given application of resources" (Simon, 1965a: 179). Where output is speci-

fied, the criterion of efficiency determines which alternative form of organization is best.

Using the criterion of efficiency, Simon makes a critical examination of the traditionally accepted principles of administration and demonstrates that those principles do not necessarily hold. Increases in specialization as such will not necessarily increase efficiency. Only those increases in specialization that improve performance when the available resources are given would lead to an increase in efficiency.

Similarly, Simon takes Gulick to task for his return to the haven afforded by the principle of unity of command. A certain amount of "irresponsibility and confusion" might well ensue from relaxing the principle of unity of command, but Simon insists that such costs may not be "too great a price to pay" for the benefits to be derived from alternative modes of organization (Simon, 1965a: 24). If the benefits from relaxing the principle of unity of command exceeded the costs, the efficiency of an organization would be improved as a consequence of such relaxation.

In his effort to reconstruct a theory of administration, Simon endeavors to develop a theory of rational choice. He insists upon a fact-value distinction in the sense that factual circumstances are concerned with the calculation of probable consequences and evaluation is concerned with the calculation of preferences. The task in decision making is to consider different strategic alternatives, to anticipate the probable consequences that would follow factually from those alternatives. Given a complete and consistent set of factual premises and a complete and consistent set of value premises, the criterion of efficiency would imply that there is only one alternative that is preferable to all others (Simon, 1965a: 223). Only one decision would in such circumstances be consistent with rationality. A theory of rational choice under conditions of perfect information and a transitively ordered schedule of preferences permits no choice. The correct solution is fully determinate.

The essential problem in administrative organization is that of enhancing rationality in human choice, given the radical limits inherent in the psychology of choice (Simon, 1965a: 240–244).

Human capabilities for handling information, arraying preferences, and acting in relation to appropriate alternatives are subject to severe limitations. Cooperative teamwork requires that each member of an organization exercise discretion. Coordination of each individual's actions depends on the provision of appropriate factual premises and value premises to facilitate a rational choice in one's exercise of discretion.

The function of organization is to bound the rationality exercised by each person as a decision maker working within an organization. The bounding of discretion by the specification of factual and value premises leads Simon, following Barnard's pioneering work *The Functions of the Executive*, to conceptualize authority as being "zoned" (Simon, 1965a: 123–153; Barnard, 1938: 168–169). Presumably the specification of limits to areas of acceptance might derive from different sources of authority. An organization thus might reflect a composite of command networks rather than a single line of authority or chain of command.

The concepts of bounded rationality and zoned authority enable Simon to conceptualize an organization as being an equilibrium maintained within areas of acceptance established by its different constituent elements. He conceptualizes the constituent elements as "customers," "employees," and "entrepreneurs" (Simon, 1965a: 111ff.). The entrepreneur reflects the control group in an organization; the employment contract establishes the area of acceptance within which employees are willing to accept direction from management in guiding their actions. Customers in turn provide funds in exchange for products. These funds supply the incentives for the entrepreneur and the employees to function as a productive team or organization. Simon conceptualizes the legislature as being the equivalent of customers in supplying a public agency with its funds; but a legislature also functions as a control group (Simon, 1965a: 120–121). Simon does not attempt to untangle the implications for organizational equilibrium when a legislature simultaneously attempts to articulate consumers' preferences and to operate as a control group.

An equilibrium model of organization implies that the area of acceptance is derived by agreement among the persons involved

in an organization. Basic issues that go beyond the areas of acceptance are subject to negotiation or to resolution by recourse to decision structures external to the organization. Simon's concept of organization as an equilibrium maintained within areas of acceptance has been used by James D. Thompson, for example, to express the concept of organization as a "domain consensus" (J. D. Thompson, 1967: 28). Administration becomes the management of interdependencies among the constituent elements within an organization in relation to opportunities and threats in a dynamic environment (J. D. Thompson, 1967: 34–38).

Within the context of a means-ends calculus inherent in purposive action, the problem of efficiency can be conceptualized as either minimizing the costs of production in relation to a particular output or of maximizing the output for a given level of expenditure. Simon recognizes the difficulty of establishing an explicit and measurable "social production function" when the service being rendered is the provision of police protection, the maintenance of public health, or some other public service (Simon, 1965a: 188–190). In view of this difficulty, Simon reaches the conclusion that "it is hard to see how rationality can play any significant role in the formulation of administrative decisions unless these production functions are at least approximately known" (Simon, 1965a: 189).

Simon's challenge to the Wilsonian tradition in the study of public administration was of radical proportion. The criterion of efficiency was used to reject the presumption that perfection in hierarchical organization is synonymous with efficiency. In pursuit of his analysis, he formulates a general theory of rational choice that might be applied to any aspect of social organization. Yet he curiously confines his analysis to something that he calls "an" organization or "the" organization.¹² The sets of events which Simon labels as an "organization" are uniformly characterized by a hierarchical ordering. Though rejecting unity of command as a logically necessary condition for efficiency in any and all circumstances, Simon repeatedly returns to face the fact of hierarchy in his discussion of administrative behavior.

In considering the function of social organization, Simon rec-

ognizes that "institutional arrangements are subject to infinite variations, and can hardly be said to follow from any innate characteristics of man. Since these institutions largely determine the mental sets of the participants they set the conditions for the exercise of . . . rationality in human society." He then goes on to indicate that "the highest level of integration that man can achieve consists in taking an existing set of institutions as one alternative and comparing it with other sets" (Simon, 1965a: 101). He does not, however, apply this principle to the problem of administrative behavior by comparing one set of organizations with other sets of organizations to establish the relative efficiency of different organizational arrangements.

In considering institutional arrangements in a democratic society, Simon indicates that "legislation is the principal designer and arbiter of these institutions" (Simon, 1965a: 101). But what theory of institutions is to guide legislators in their choice of designs for conceptualizing and formulating the institutional setting that establishes the basic premises for human rationality? By referring to legislation as the principal designer and arbiter of institutions, Simon is not giving serious attention to the constitutional level of analysis. Madison's distinction between a "constitution" and a "law" in *Federalist* 53 may be of fundamental importance in a constitutional democracy. Yet Simon's emphasis on rationality is of basic importance to the constitutional level of analysis.

By bounding his own theory of organization with a preoccupation for intraorganizational arrangements, Simon reduced the theoretical impact of his challenge. By leaving legislatures in the position of being the principal designers and ultimate arbiters of institutional arrangements, the traditional dichotomy of politics and administration is sustained. The criterion of efficiency becomes a tool for suboptimization.¹³ A theory of bounded rationality without the appropriate institutional constraints can become a theory of bounded irrationality.¹⁴ Administrative behavior is bounded by institutional constraints other than those internal to "the organization." Public administration requires reference to more than the theory of a firm.

Simon challenged, and his challenge stands. But having chal-

lenged, Simon returned to the world of bureaucratic organizations to pursue his work within the familiar constraints of a social universe dichotomized into the domains of politics and administration. Another community of scholars, concerned with conditions of institutional weakness and institutional failure in market economies, is pursuing similar interests in the study of nonmarket decision making. These scholars, many of whom are oblivious to the intellectual controversies in public administration, are fashioning the foundations for a new theory of public choice and collective enterprise. We shall turn to their work in the next lecture.