In its final report of December, 1952, the President's Advisory Committee on Management concluded that there was "no single, sure-fire, and practicable panacea to guarantee the improvement of management in the Federal Government. The Federal establishment is so varied that no uniform program would be feasible or desirable. Rather, the aim should be to keep unrelenting pressure on administrators to devise and adopt programs suited to the tasks under their jurisdictions."¹

What is needed to improve federal management, the Committee asserted, are the following ingredients: a chief that "cares about getting a job done," adequate machinery and staff, a management system that produces results, and systematic review and appraisal of performance. The story of management improvement in federal government is mainly an account of how successive efforts since 1921 to improve the quality of federal management have failed or have fallen far short of their objectives.

I

The Initial Programs for Management Improvement

The basic statutory authority for management improvement is found in the Budget and Accounting Act of 1921, which provides in section 209 that the Bureau of the Budget, when directed by the President, shall make studies of departments and agencies to enable the President to determine what changes shall be made in their organization, activities, methods of business, appropriations, assignment of functions, and regrouping of services. During the 1920's and 1930's there were less than 100 positions in the Bureau, and little attention was given to management. In 1937, the President's Committee on Administrative Management made a major effort to grapple with problems of organization and management in the executive branch. The Committee proposed to fix responsibility on the President to take the initiative in improving management in the departments and agencies and devised the reorganization plan as the method of reorganization. In the Committee's judgment, it was essential that central executive direction pursue "day after day and year after year, in season and out of season, the task of cutting costs, of improving the service, and of raising the standards of performance."²

In 1939, the Bureau of the Budget was transferred from the Treasury Depart-

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¹ President's Advisory Committee on Management, Report to the President, at 18 (1952).
² President's Committee on Administrative Management, Report with General Studies, at 45 (1937).
ment to the newly created Executive Office of the President, and a new Division of Administrative Management within the Bureau was directed “to conduct research in the development of improved plans of administrative management, and to advise the executive departments and agencies of the Government with respect to improved administrative organization and practice,” and “to aid the President to bring about more efficient and economical conduct of Government services.” As civilian agencies of economic mobilization were created during the period of 1939-1944, the Division of Administrative Management was assigned the tasks of reviewing their budgetary requirements as well as their problems of organization and management. In other areas, the Division did relatively simple things to promote better administrative performance.

As the Bureau became more fully aware of the efforts of the War and Navy Departments in 1942 and 1943 to recruit experts in management from consulting firms and from industry, it decided to mount a program to develop higher managerial skills in the civilian agencies. A Management Improvement Branch under Lawrence Hoelscher was established to conduct research on accounting systems, budget formulation, and the paper work side of personnel management. The Branch intended to provide leadership in stimulating agencies to improve their practices. From the experience of the War Department, it designed a work simplification program for testing in civilian agencies. In the mid-forties, as it gained more experience, it prepared management bulletins on such topics as work measurement, property control, telephone service, and the preparation of budget justifications. And it conducted training courses for federal agencies on organization and management and on budget formulation and execution. These activities attempted to meet the serious lack of adequately trained professionals in specific managerial posts and to advance the state of the management art by investing in research.

In the period 1946-1948, the Division of Administrative Management had a staff of about 55 professionals. But in 1948-49, heavy budget slashes cut deeply into the Management Improvement Branch, leaving intact only the group working on financial management and the joint Treasury-Bureau-General Accounting Office program in financial management that was launched in 1948.

The report of the Hoover Commission in 1949 proposed to deal with management improvement mainly through the process of reorganization. It focused attention on proposals for structural realignment in the executive branch and had little to say specifically about management improvement. The report did, however, stimulate President Truman to embark on a management improvement program in July 1949, when he issued an executive order directing department and agency heads to review their programs, provide periodic and systematic appraisals of operations, identify opportunities to improve performance, install improvements, and report periodically...

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3 Establishing the Divisions of the Executive Office of the President and Defining Their Functions and Duties, Exec. Order No. 8248, 3 C.F.R. 576 (Comp. 1938-43).
to the Budget Bureau "on the progress made in establishing management improve-
ment programs and the results achieved therefrom." The Bureau was directed
to review agency plans for management improvement, advise and assist federal
agencies, exchange information with them, and report to the President. In addition,
the order created the Advisory Committee on Management Improvement consisting
of twelve members (five federal officials and seven private citizens) to assist the
President in developing a government-wide program for management improvement.

In October, 1949, Congress provided legislative support in the Classification Act
of 1949 by directing each department to make a systematic review of its operations
in accordance with the directions of the Bureau of the Budget. To emphasize even
more its concern for federal management, Congress enacted the Budget and
Accounting Procedures Act of 1950 which authorizes and directs the President
through the Bureau of the Budget to evaluate and develop improved plans for the
organization, coordination, and management of the executive branch to achieve more
efficiency and economy.\footnote{To Provide for Continuing Action to Improve the Management of the Executive Branch of the
1950 (mimeo).}

II

THE INFLUENCE OF THE BUREAU OF THE BUDGET IN THE MIDDLE YEARS

On January 31, 1950, the Bureau issued Circular A-8, \textit{Agency Responsibility}
\textit{Under the President's Management Program}, calling for annual reports by the
agencies on their progress in improving the quality of management. Thus was
started a flow of paper from management analysts in the agencies to the Bureau that
proved to be essentially worthless in meeting the objective of stimulating aggressive
efforts to improve administrative performance. After Korea, the Bureau's limited
staff for management improvement was able to conduct only a paper review of
trivia accumulated from agency reports that the Advisory Committee on Manage-
ment described as "evidently the product of departmental staff report writers rather
than the unburdenings of operators concerned with the future of their operations."\footnote{Budget and Accounting Procedures Act of 1950, 31 U.S.C. § 104 (1964).}
In June, 1951, the Bureau tried to revitalize the reporting process by emphasizing
the responsibility of agency heads for management improvement and by reducing
the reporting requirements, but these measures had little beneficial effect.

Under Circular A-8, the Bureau was directed to carry out four activities:

\begin{itemize}
  \item[(a)] issue guides to assist agencies in developing effective review systems;
  \item[(b)] evaluate the review systems of the agencies and the adequacy of actions taken
           by them to achieve potential improvements;
  \item[(c)] maintain working relationships with the agencies to assist them on a day-to-
           day basis in improving their managerial effectiveness; and
  \item[(d)] submit reports to the Budget Director and the President as required.
\end{itemize}
In practice the first and third activities proved to be the key ones. The Bureau's staff was cut again in 1950, and it was unable to do more.

This formidable battery of legislative and executive documents produced little constructive action. The effectiveness of the Advisory Committee depended almost entirely upon continuous presidential pressure on agency heads. At first, President Truman closed the two-day, bi-monthly meetings of the Committee by reviewing management problems with the agency head in order to impress him with the importance the President attached to management improvement. According to plan, the Committee dealt with four major agencies in each bi-monthly session, giving a half day to each. The Budget Bureau's staff instructed the chief management assistant to each agency head to brief his boss on his philosophy of management, what he is doing to improve management, what staff he has to help him, what major problems of management he has solved, what problems he is working on currently, and what management problems are caused by factors beyond his control. This rather straight-forward approach usually had devastating effects. Many agency heads were forced to pull materials together from scratch. In the charitable opinion of the Committee, some agency heads "were informed and informative, displaying a broad grasp of the affairs committed to their hands, while others revealed a concept of management as in a pigeonhole apart, concerned only with housekeeping details."7

The Committee's focus on management improvement was halted by the Korean War and Truman's decision to have the Committee confine its attention to problems of economic mobilization. Before it terminated in December, 1952, it issued a report with four recommendations designed to improve federal management:

(a) Congress should give the President permanent reorganization authority;
(b) the President should maintain unrelenting pressure on executives for management improvement;
(c) federal agencies should strengthen management staff facilities at all administrative levels; and
(d) the executive branch should inaugurate an executive development program.

The last proposal was finally adopted in 1970 when President Nixon's Reorganization Plan No. 2 of 1970 became effective.

Throughout its report, the Committee underlined the need for continuing, conscientious attention by executives to management improvement. At the same time, the Committee seemed fully aware of the forces militating against such concern: the diffusion of governing authority, the absence of clear program objectives, diffused legislative activity, high turnover among key executives, and sharp swings in goal orientations. "These uncertainties," it stated, "do not encourage sustained and concentrated attention to management problems."8 Generally the Committee applauded the approach of the Bureau of the Budget, noting that it had shied away from

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7 Id.
8 Id. at 4.
rigid controls and had emphasized stimulation of agency interest in management improvement. The Committee's recommendation of a special fund for the use of the President in financing major management studies was adopted by Congress, which established a no-year appropriation for this purpose. These funds were used to finance 26 studies from 1953 to 1960.

In 1951, President Truman hoped to reduce government employment by imposing personnel ceilings on individual agencies. Because of the opposition of the Bureau to ceilings, a program was adopted to promote better utilization of manpower. Under Circular A-44, which was issued jointly with the Civil Service Commission in June, 1951, the Bureau, in cooperation with the Civil Service Commission, was directed to make studies of agency operations in order to achieve better manpower utilization. But with a staff cut to about 22, the Bureau was in a very weak position to undertake its own studies or to secure the concerted cooperation of agency staffs in developing programs to achieve better use of agency personnel.

From 1953 to 1959, with a staff of approximately 23 to 29 in the Bureau's Office of Management and Organization, special attention to management improvement activities was discontinued, although the Bureau continued to give emphasis to the joint program in financial management. Some effort was made to encourage federal employees to promote better management by authorizing schemes of incentive awards for employees. President Eisenhower looked primarily to bankers and accountants for leadership in the Budget Bureau. The Administration's interest in economy was stronger than its concern for improving management, and the Bureau was expected to set an example for the executive branch in economical use of personnel. Thus in a period in which management technology was developing at an extremely rapid pace, the resources that the presidency might call upon for leadership in improving federal management were minimal. Even the Second Hoover Commission, reporting in 1955, took little interest in these matters. Although it recommended that the Bureau expand its managerial functions, it was almost completely silent on the problems of departmental management.

From 1953 to 1959, the dominant force in management improvement was the Rockefeller Committee, whose studies were focused mainly on problems of structure and organization. The Office of Management and Organization in the Bureau provided some staff work for the Committee. Four areas of policy were given special treatment: telecommunications, water resources and power, railroad transportation, area, Bureau staff worked with the Rockefeller Committee to produce proposals that influenced changes in the organization of the Federal Aviation Agency in 1958.

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8 Employee awards were authorized by Act of Oct. 28, 1949, ch. 782, §§ 1001-03, 63 Stat. 954, 971. A new legal basis was provided by the Act of Sept. 1, 1954, ch. 1208, § 304, 68 Stat. 1173. The Budget Bureau set forth its instructions to the agencies for the administration of these programs in various supplements to Circular A-8.
Nelson Rockefeller had become Under Secretary of the Department of Health, Education, and Welfare in 1953. In the course of organizing the newly created department, he clashed with the Bureau of the Budget over matters relating to structure and management. He seemed to conclude that the Bureau would not be able to provide leadership in management improvement because of its preoccupation with budget analysis and budget cutting. He proposed a reorganization of the Executive Office of the President that abolished the Bureau of the Budget and created a new Office of Executive Management, in which management functions would be assigned higher priority. The proposal was seriously considered in the White House, but in the end it was dropped because Rockefeller insisted on abolition of the Bureau of the Budget. In the history of management improvement in the federal government, the significance of the Rockefeller proposal lies in its conviction that the Bureau was unable to provide sustained leadership in the field of management improvement. This view was picked up again during the consideration of Reorganization Plan No. 2 of 1970, which designated the Bureau as the Office of Management and Budget and emphasized the President's need for substantially enhanced staff capability in areas of executive management, including improvement of organization, information, and management systems.

In 1959, partly in reaction to the Rockefeller attack, the Budget Director concluded that "more emphasis should be placed on Bureau leadership in the field of management improvement throughout the executive branch." In that year the Bureau appointed an Interagency Council on Management Improvement to advise it on the improvement of federal management.

In a speech on May 17, 1960, Elmer B. Staats, then Deputy Director of the Budget, outlined five principles to guide the government's role in management improvement:

(a) Management improvement is primarily the responsibility of the individual agencies.

(b) "The President must set the tone and the pace by requiring that agency heads devote real attention to the struggle to reduce red tape, waste, duplication, and still perform their role with timeliness and satisfaction to the Congress and the public."

(c) The Budget Bureau should provide a central clearing house for ideas and information about management and act as a catalyst in problem solving. It should be expert in finding the answers to managerial problems.

(d) Full interagency support is needed to permit the Bureau to reactivate its role in management improvement.

(e) The ability to sustain a central service for management improvement depends on the ability of that service to produce results.\textsuperscript{11}

\textsuperscript{10} Bureau of the Budget, Management Improvement in the Executive Branch, A Progress Report 2 (1961).

\textsuperscript{11} The Bureau's Future Role in Management Improvement, Address by Elmer B. Staats, Deputy Dir. of the Budget, May 17, 1960.
Accordingly, in 1960 the Bureau requested 18 additional professional positions, 10 of which were to be used to provide more assistance to agencies in applying improved managerial practices. When Congress approved a small amount of additional staffing in the fall of 1960, a Management Services Branch was created to meet the need for central leadership and assistance to the agencies. The Bureau immediately invited 25 agencies to join with it to identify the significant steps taken in recent years to strengthen agency management and the opportunities for future improvement. The limited results of this inventory are summarized in the Bureau’s report of May 1961. The report included a final section on techniques of management improvement, embracing work simplification, automatic data processing, and techniques of systematic analysis, such as the engineered approach to production and planning problems and such statistical techniques as scientific sampling and operations research.

Perhaps the most constructive contribution of the Bureau in the period 1960-1965 was the mounting of courses to train budget and management analysts in improved techniques. The Management Services Branch in the Office of Management and Organization began to develop materials for training purposes in 1960, working closely with the U.S. Army Management Engineering Training Agency (AMETA), which had been training army personnel in the use of management techniques. Since the Agency had better training materials and courses than the Branch could develop quickly, it made full use of the Agency courses. For five years it sponsored 8 to 10 courses for federal personnel on automatic data processing, procedural analysis, operations research, statistical quality control, engineering economics for decision making, and budget formulation and execution. The training courses were terminated in 1965 as the current demand for trained personnel was satisfied. These training courses compete somewhat with new training programs of the Civil Service Commission, but the Bureau justified its activity as an effective way to fulfill its responsibility to provide leadership in developing management skills. The Bureau resumed special training activity in 1970 under the Joint Financial Management Program.

As a consequence of the renewed effort beginning in 1959 to provide better leadership for improving management, the Bureau’s staff assigned to administrative management increased slowly. From a total of 26 full-time management analysts in 1955, the staff increased to 29 by 1960, 41 by 1965, and 49 by 1970, just slightly above the staff of 46 in 1950. While the proportionate increase in professional staff was substantial over a twenty-year period, improvement of management had remained a relatively marginal concern of the Bureau of the Budget.

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III

RECENT EFFORTS AT MANAGEMENT IMPROVEMENT

President Kennedy seemed to have little interest in professional management and in the managerial problems of the executive branch. He could not accept as reasonable the continuing growth in federal employment, however, and consequently became interested in manpower utilization as an alternative to the imposition of manpower ceilings. The manpower approach led in turn to some interest in reviewing the internal operations of various agencies. From 1961 to 1963, the Office of Management and Organization in the Bureau focused its limited resources on automatic data processing, work measurement, cost reduction, and manpower utilization. In the Johnson Administration, these concerns were followed by productivity measurement and the “war on waste,” an up-dated model of cost reduction, and the introduction of PPBS (performance-planning-budgeting system) throughout the executive branch. The Bureau moved rapidly from one program of management improvement to another, each with its own rhetoric, style, and temporary commitment to a new fashionable tactic of administrative reform. While each program had its own set of biases, collectively they had two characteristics in common. They shared a reluctance to become involved in making substantive judgments about the value and performance of programs, and they stimulated most staffs of management analysts in the agencies to make routine inquiries, unimaginative analyses, and minor recommendations for the improvement of management.

Early in 1962, the Bureau organized a conference on work measurement. In October of 1962, the President issued a memorandum to agency heads setting forth a program to improve the utilization of manpower. The goal was to reduce the number of employees needed to carry out essential government programs. In the same year, the Bureau asked five agencies to join it in an experimental project to develop productivity measures for these agencies as a whole or for major components. The Bureau’s aim was to develop productivity indices as a tool for managers to use in determining appropriate courses of action in the operation of federal agencies. The study, which was completed in 1964, is probably the most impressive document in the field of management improvement produced during the Kennedy-Johnson years. It devised valid measures of productivity for four of the five participating agencies and concluded that “in all likelihood measurement of productivity is feasible in a considerable number of other organizations . . . where the nature of the service produced by the organization offers reasonable prospects

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16 The agencies included the Treasury Department, the Veterans Administration, the Post Office Department, the Federal Aviation Agency, and the Department of the Interior.
of its quantitative description. More generally the study stressed the leadership role of administrators in the drive to improve managerial effectiveness. It concluded:

Recently there has been increased emphasis at the highest level of the United States Government on the economy and efficiency of Government operations and on the need for proper criteria to measure progress. Since improving the efficiency of Government operations involves, of course, raising of Government productivity, productivity measurement, by providing strategic data, can contribute to these objectives. Yet in the final analysis, productivity measurement can contribute to better management only if the measures are developed and interpreted with complete objectivity, and positive and imaginative action is taken by responsible management to achieve improvements.

During 1962 and 1963, the Bureau made an effort to establish a central reference file of materials relating to management improvement. The effort never succeeded because the agencies failed to submit sufficient material on the development and use of various tools and techniques of management to build a worthwhile collection.

In 1963, the Bureau embarked on a drive to reduce costs through better management. In an unpretentious report it outlined the main possibilities for improving federal management, including automatic data processing, manpower utilization, incentive awards, management of property and supplies, financial management, new approaches for managing complex programs, uses of statistics, and management of field activities.

President Kennedy's program for improving federal management tended to emphasize three elements:

(a) placement of responsibility for manpower control and utilization in each agency head;

(b) establishment in each agency of systematic methods for discovering better uses of manpower; and

(c) research in methods of increasing productivity.

As already noted, progress was made toward instituting relevant research, but significant improvements in management were achieved in only a handful of agencies, despite the clearer designation of agency heads as the executives responsible for improving agency management.

During 1964, President Johnson continued the emphasis on cost reduction. In an award ceremony in Washington in December, he honored 30 federal employees who were cited for their personal contributions to this drive. The President dramatized the drive as his "war on waste" and publicized the substantial savings allegedly resulting from the systematic effort to reduce costs. For example, the Department of Defense reported in October, 1964, that in the fiscal year 1964 it had

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18 Id. at 16.
19 Id. at 18.
saved $2.8 billion and in November it identified 95 obsolete, unneeded facilities to be consolidated, reduced, or closed, claiming ultimate savings of almost half a billion dollars a year. A 1965 report bearing the title, War on Waste, credits the Administration with a high degree of “managerial prudence” in its effort to get “a dollar’s value for a dollar spent.” Costs were reduced, according to the report, by controls over hiring; tighter control of files, overtime, travel, and communication; improved procurement, contracting, supply, and space utilization; use of excess facilities instead of new procurement; automation, improved equipment, and advanced technology; streamlined organization; elimination of unnecessary work; and better methods of operation.

In 1965 the focus of management improvement shifted from cost reduction to systematic analyses for budget preparation and program evaluation (PPBS), and economists replaced management and budget analysts as the key professionals.

During 1969, President Nixon focused his interest in management improvement on increased productivity and manpower utilization as ways of combating excessive employment. In line with his memorandum on this subject to the heads of agencies on February 17, 1969, which he reiterated in his statement of July 22, 1969, the Bureau undertook to develop better means of estimating and justifying requests for personnel. In April, 1970, it issued the first in a series of Executive Management Bulletins on the use of statistical procedures for justifying manpower requirements in relation to planned work. It contained no mandatory provisions for the use of statistical techniques but made each agency responsible for deciding which of the available techniques were best suited for its use.

The management analysis staff of the Bureau, now designated the Office of Executive Management, worked primarily on two problems closely related to the interests of the Nixon Administration: the rationalization of the regional office structures of several federal agencies and the reduction in the time required to process applications for federal grants-in-aid. In these projects the Bureau provided leadership and assistance to the federal agencies involved, principally the Department of Health, Education, and Welfare and the Department of Housing and Urban Development.

In February, 1970, two important steps were taken to promote better management. First, the President established the Advisory Council on Management Improvement comprised of ten executives from private life “to recommend improved methods and procedures that can be introduced to sharpen the efficiency of Government operations.” Second, the Budget Director issued a revised Circular A-44 on Feb. 16, 1970, establishing a formal government-wide management improvement

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program. Perhaps the principal feature of the new program is the emphasis it gives to the goal of management effectiveness instead of dollars saved. Agency heads are directed to undertake systematic reviews of agency programs in order to identify “persistent problem areas of high level priority” and give concentrated attention to resolving these problems.\footnote{Establishment of a Management Improvement Program Applicable to All Government Operations, Bureau of the Budget, Circular Revised A-44, § 3, at 2, Feb. 16, 1970 (mimeo.).}

The cost-reduction program is strengthened by requiring agency heads to fix at the beginning of each fiscal year a monetary goal of savings expected to be realized from new and improved management actions, together with subgoals for major activities or organizational units. Acceptable ways to measure monetary savings and to validate them are set forth in some detail for the first time. The Bureau is directed also to develop an “idea interchange” for distributing information on management improvement to all agencies.

The revised Circular A-44 instructs each agency to employ a variety of techniques to stimulate employees to seek ways to improve management. In addition a new system of presidential awards is created to honor exceptional achievement in reducing costs or improving operating effectiveness. The Bureau is directed to choose a common area of government-wide operations for periodic study. Examples are records management and printing and reproduction. Finally each agency is directed to file an annual management improvement report, due on September 30.

On March 12, 1970, President Nixon submitted to Congress Reorganization Plan No. 2 of 1970, which redesignated the Bureau of the Budget as the Office of Management and Budget.\footnote{H.R. Doc. No. 91-275, 91st Cong., 2d Sess. (1970).} In supporting the plan, the President stated:

Improving the management processes of the President’s own office . . . is a key element in improving the management of the entire Executive Branch, and in strengthening the authority of its Departments and agencies.\footnote{Id.}

The President emphasized the need for a substantially enhanced institutional capability in the general area of executive management, including program evaluation and coordination, improvement of organization of the executive branch, information and management systems, and development of executive talent. It appeared, therefore, that one of the principal purposes of the reorganization was to equip the presidency with better instruments for purposes of improving the management of the executive branch. Together with the Domestic Council, the Office of Management and Budget began life on July 1, 1970. It is too early to speculate about its effectiveness as the President’s agent of management improvement.

### IV

#### Evaluation of the Federal Effort

The history of management improvement in the federal government is a story of inflated rhetoric, shifting emphasis from one fashionable managerial skill to
another, and a relatively low level of professional achievement. In recent admin-
istrations, each President has proclaimed the importance of improving the manage-
ment of federal programs administered by the executive branch, but at the same
time he has been unable to give more than a low order of priority to government-
wide programs of management improvement. No President has been able to
identify any significant political capital that might be made out of efforts to im-
prove management except for the conservative purpose of economizing or reducing
costs. Even when Presidents have wanted to stress the improvement of manage-
ment, they have been forced to concentrate on more important problems.

The fitfull task of the Bureau of the Budget has been to provide moral leadership
and to encourage the departments and agencies to become more sensitive to
managerial problems and to undertake studies to promote better management. Since
1950, the Bureau has never had more than a corporal's guard to deal with problems
of management.

In federal experience, management improvement has been weak in motivation,
purpose, and achievement primarily because it has been accorded very low status
by political and career executives. There appear to be few incentives for these
executives to focus their concerns and resources on efforts to improve the manage-
ment of programs they administer. Several conditions help to account for the low
status of management improvement. As all reports on the subject assert, nothing
less than leadership from the top has the possibility of creating an enviroment con-
ducive to improvement of managerial practices. Senior political and career executives
have drastically limited time to devote to these matters. Because they cannot deny
the soundness of more effective management in the public interest, they tend to rely
on occasional gestures toward better management, expressed in the accepted rhetoric
of managerial reform, emphasizing a currently fashionable concept or tool, such as
ADP, productivity measurement, manpower utilization, or cost reduction. As long
as political payoffs for management improvement remain dubious and illusive,
executive commitment seldom rises above lip service.

Another condition of executive leadership in the federal establishment is the brief
tenure of secretaries and agency heads and their top staffs compared to the lead time,
sustained effort, and investments in staff that are required to bring about significant
improvements in management. Affirmative results are not likely to emerge in the
short run, which is the time frame in which public executives function. They also
tend to be crisis-oriented and can hardly resist the apparent need to assign available
manpower to emergency or high-priority tasks. Management improvement, there-
fore, is most likely to be a deferable, residual concern that cannot compete for exec-
utive commitment against the demands of substantive programs and insistent policy
issues.

Cost reduction, the most persistent focus of management improvement, tends to
penalize agencies and programs that are performing relatively well. In order to high-
light improvements in management, normally it is necessary to demonstrate waste and inefficiencies and to pinpoint responsibility for bad management. At the very least an executive must admit that a program or function is not working well and the administration is perhaps belatedly trying to undertake some appropriate remedial action. Even when savings result from better management, it is usually very difficult to arrange to use such savings for high priority programs in the same agency. Not only do executives lack incentives to improve the management of their programs, but they are likely to encounter built-in penalties if they attempt to bring about improvements.

As the Bureau of the Budget noted in its study of productivity measurement, the appraisal of administrative performance is very difficult and suspect unless the objectives of government programs are identified and clarified. Yet, if offices responsible for management improvement become involved in making value judgments about goals and missions, they are likely to be charged with interference with the responsibilities of executives.

The standing of management improvement has also been seriously undermined by the common tendency to exaggerate the usefulness of various tools and skills employed by analysts. New management tools have been oversold, propagandized, and undermined by overexpectations and by insufficient attention to the specific operating problems and situations of individual agencies. Moreover, it has been very difficult to document persuasively the savings that result from improvements in management. Claims of savings of the magnitude of a half billion dollars or more are apt to be regarded with derisive disbelief. In most cases, it is unlikely that savings resulting from concerted efforts to improve management will have any significant impact on the agency's budget or on the national budget.

Lastly, it is hard to find instances in which clientele groups have encouraged agencies to improve the quality of their management. Often disclosures by agency personnel of ineffective administrative operations or serious deficiencies in program performance may also cast doubt on the propriety of the behavior of private parties or the soundness of policies and actions that support clientele interests. Agency employees who are able to document findings of poor management and excessive costs are often unrewarded by their agency heads and may in fact be penalized for their misplaced zeal and bad judgment by reassignment, demotion, or forced resignation.

This analysis ascribes the weakness of presidential efforts to stimulate improved management to the lack of appropriate incentives in the political and administrative setting of federal administration. Paul Appleby noted a quarter of a century ago that leadership of the public is usually associated with marked individuality. In filling executive positions, the President ideally should strike a balance between a capacity for institutional leadership and a capacity for administrative management. But we have developed no theory that explains how professionalized administration
is made compatible with the politics of democracy. An agency head is expected to be both political executive and administrative manager; yet the two capacities seldom go together well. As an exercise in administrative morality, periodic presidential exhortation of public executives to increase productivity and become more efficient will undoubtedly continue. But it is not likely to rise above the level of marginal achievement without much more sophisticated emphasis on executive recruitment and development and the creation of incentives that encourage and reward managerial performance.