Revolutionary change occurred in government as well. Women gained the vote. Open primaries, initiative, and referendum affected political parties, helping prompt the growth of interest groups and the dwindling interest in voting. Interest group representation of business and government regulation grew to an accommodation in what became the American corporate state. Such a state represented the responsiveness of government to influence by labor and the Progressives as well as the willingness of governments at all levels to tax business firms. The state also represented the smart decision by business leaders to cooperate with institution of corporate taxes and in so doing, become the major interest group in favor of tax reform and granting government a stake in business profits. Higher taxes led to pressure by business people to persuade government regulators to grant higher rate charges and to outlaw their competitors on the grounds that such competition would diminish their profits and hence the state's revenues (Higgins-Evenson 2003).

Progressivism led to growing government activity—positive government—institutionalizing public infrastructure construction, public education, and public welfare. Each level of government retained the power to borrow and the power to tax. Business leaders, probably gladly, agreed to concede responsibility for local infrastructure, schools, and income relief for their employees and families in return for paying taxes, chief among them the national personal income tax created through the ratification of the 16th Amendment to the Constitution.

What can anyone say about the American corporate state? Higgens-Evenson (2003) does not hesitate to recall the legacies of Hamilton and Jefferson. He points out that the rise of the corporate state fundamentally altered the relationship between government and business. For example, he argues that government administration drew much of its efficiency logic from business practices. Government also gained expertise (9) as "Business officials had gone from bribing and blackmailing state legislators to helping them run government on a paying basis." Government deferred to business as "state officials … abandoned their biennial attempts to soak the corporations and instead asked them to set their own tax rates" (9). The states also pursued business in characteristically Federalist or Republican ways as the state's political culture dictated, starkly differing but with some declaring, as Higgens-Evenson recalls, that that the new methods of government were using "Hamiltonian means" to accomplish "Jeffersonian ends."

The most important insight gained from the era relates to institutionalism. National government regulation and taxation institutionalized the vision of interstate commerce prompted by the Constitution. Yet, states created institutions as well, from regulation and taxation to those giving them the lead in providing roads and canals, and the primary role in establishing public education and public welfare systems. Business firms depended on governments to regulate business competition and promote economic development. Governments depended on business firms for cooperation in a policy making process centered on an institutionalized, symbiotic relationship between business and government (Lindblom 1977).

V. THE ERA OF ADMINISTRATIVE REFORM

The period of administrative reform followed the resurgence of Congress. History marks this period as reactionary, with action countering the rise of political parties. The response to political parties' subversion of the electoral process lay in creating and building civil service and budget institutions to prevent political party entrenchment in office and corruption of elections (Frant 1993, 994; Milward 1978, 393). Kaufman (1956, 1059) argues that the long ballot and the rotation system led to confusion among voters. He observes that confusion "opened the way to power to political bosses who, while providing a measure of integration in the bewildering pullulation of government, often [advanced] their personal interests and the interests of the [political] organizations they headed [heedlessly]" (1059–1060). Disillusionment resulted, Kaufman relates, and the disillusioned called for reform.

The history of decision making to this time can suggest three ways in which anyone might understand administrative reform. First, the establishment of national power over the states, in the Civil War and Reconstruction through the principle that the union of states had a greater legitimacy than any state or group of states, through the evident superior force that might be brought to bear on major issues of state versus union, but also through the larger resources that lay at the national government's disposal. The power of the national government also had become evident as a force to balance national elites, especially a business elite. Second, events through history established a strong, unitary executive branch with the president as chief user of national power, checked by Congressional appropriation power and the right of litigants to contest the president's use of power in the courts. Third, the establishment of rotation in office, the spoils system, as a means of selection of the "good administrative decision maker" became a time bomb to go off after the Civil War.

The upshot of the three forces was the focus on the deliberate use of national power, rational, considered, and thoughtful. The unitary nature of the executive branch made administrative institutions inevitable. The spoils system became the focal reason for disillusionment.

Consider also a few lessons from the previous century. The administrative apparatus was small through the first century, and more, the government was small at all levels. The primary job was protecting the growth of the US economy through tariffs. Government leaders also allocated the revenue from tariffs and taxes as well as borrowed money to be able to make internal improvements. Improvements aimed to grow the economy further, to expand the country to provide still further growth. Leaders had the responsibility to protect the country from threats external and internal—and keep the country united.

In the previous century, the greatest struggle was the need for protective tariffs against the need for external markets, forcing a struggle to keep the country united even as the states contested the federalist structure and tried pull the country apart. Skowronek (1982, 29) called the early US history a period of "statelessness." He said that the national government left governing and any substantive task to the states.

Government size was the most important feature during the period before administrative reform took place. According to Wilson (1975):

1. At first, the federal government grew slowly with the State Department having ten employees, the Attorney General, close to the same number, War, 80, and only a few thousand soldiers, and Treasury several hundred employees.
2. Only the post office grew, accounting for 86% of the growth in federal employment to 36,672 by 1861.

Wilson (1975) explains that until the Civil War, the number of federal government administrative employees grew because public demand for government services increased, not because government assumed new tasks or administrative imperialism reigned. Rather, the increased demand existed for what were "bureaus of personnel performing essentially routine, repetitive tasks for which the public demand was great and unavoidable … [responding only as] as population and commerce expanded" (81). The national government had little administrative capacity, and even more important, had few functions, Wilson observes. Small government persisted for almost a century after ratification of the Constitution. Stillman (1987) reported that federal government employment exceeded 50,000 in 1871.

The question then becomes: what decision making might be studied, institution or no institution binding it, when there is almost no one to decide or at least very little discretion? Certainly, dual federalism, the compact, or states rights meant something before the Civil War.

What these terms may have meant was distrust for any elite and opposition to government power. Skowronek (1982) argues that Jacksonian democracy led to the breakdown of the

professional class, the burgeoning aristocracy of merit on which the Federalists might have built a state and local government administrator class. He noted that the Jacksonian era's reaction to elites

> rekindled America's anti-institutionalism and … anti-intellectualism. The result was a … nightmare come true. State legislatures swept aside the protective bulwark of the early bar by establishing general criteria for recruitment into the professions. Barriers on entry to legal practice were relaxed, local controls wee nullified, and recruitment into the professions was opened wide. By 1850 formal professional associations had virtually disappeared from the American scene (33–34).

With a decline in professions, little apparent need for government administration, and a clear preference for infrequent government intervention in social and economic affairs, one might ask what happened.

Bustle and a survival of the fittest attitude among the movers and shakers is one way to describe the time. Consider the evidence:

1. The internal improvements encouraged by state governments, as well as the bonded debt for transportation and banking (English 1996)
2. Pet banks that developed as a result of President Jackson's removal of federal deposits from the national bank (Scheiber 1963)
3. The development of the railroad corporation through state debt
4. The development of both massive wealth among corporation leaders and stockholders and calls for control of the economic chaos resulting from railroad competition

The latter competition led to "dangerous chaos" with aggressive pricing and efforts at "ruining a business rival, forcing a merger, building up or tearing down a city, or punishing a state that threatened to impose restrictions on the managers of railroad corporations" (Larson 2001). The bustle led to calls for change.

The president and governors were relatively strong in exploiting situations within their control, the Louisiana Purchase, the national bank, and the military and diplomatic efforts in the Civil War. They were relatively weak given the nature of governmental decision making, that is, creating and enforcing the protection for the internal economy, making internal improvements, and pursuing Reconstruction, all of which were matters for Congress or state legislatures. Only in times of war, defensive wars and then expansive wars, did the president have control of an administration.

What changed everything? First, the rise of the presidency to activism with few limits to its power to decide matters related to his role as chief diplomat (Jefferson and the Louisiana Purchase), chief executive (Jackson, the spoils system, and the national bank), and commander in chief (Lincoln) mattered. The activist presidency implied the administrative capacity to fulfill those roles with administrators chosen on the basis the president required. Second, the rise of the market system as a result of almost continuous investment in improvements in the nation required an infrastructure of laws and regulations to enforce property rights and the right to contract as well as prevent collusion and to encourage, sooner or later, free trade. Finally, the administrative state developed on the basis of good administrators as experts and specialists responsive to the institutional imperatives designed by the president, Congress, and the courts after experiment and rejection of both an aristocratic elite and rotation in office.

Therefore, one of the reforms dealt with the definition of a good administrative decision maker. The content of the definition amounted to the substitution of merit as the basis of appointment to subordinate offices, at best an avenue for expert judgment rather than political loyalty. At worst, the definition heralded a return to the Federalist idea of a ruling class, the sanctification of business expertise, or a substitution of ideological loyalty for political party membership (Villanueva 1993; Waldo 1948).

A. Neutral Competence of Expertise

The desire for competence and expertise created the need for a non-partisan source. Kaufman (1956) defined the need as "the ability to do the work of government expertly… according to explicit, objective standards rather than to personal or [political] party… ." At the same time, the fundamental institution to which neutral competence and expertise should answer as the rules of game did not change. Kaufman (1060) says that the promise of institutionalized expertise would not "demean representative institutions [but would] strengthen those institutions by rationalizing governmental operations and improving their quality to such an extent that elected officers would be in a position to exert greater control over policy than they ever could hope to do in the prevailing political jungle." Competent administrators could help fulfill the promise and purpose of representative institutions.

The case for expertise held that individual representatives through their consensus building decision making regimes set the goal of government work, and neutral competent administrators did the work of government. Yet, the case had its disdainful side as Kaufman points out. Some argued that the aristocracy of talent was a necessary reform, because rule by the masses had failed. The patricians issuing from generations before joined the urban mercantile and professional groups to support civil service reform. Hamilton and the Federalists reemerged in spirit.

B. A Ruling Class

Waldo (1948) discussed the idea that public administrators should have "a place in and claim upon the exercise of modern governmental functions… ." Why? He reiterates this ruling class argument as a high-stakes one (93):

> In general the claim is that the conditions of the modern world require a large and skilful body of bureaucrats, administrators, or experts; that the scientific method and the vast changes which it has brought about in the externals of life, the existence of the nation-state (or hope of a world-state) system, and the demand by all classes of society that government be used as an instrument for achieving the Good Life—that these stupendous factors compel us to recognize the necessity for a "governing class."

Waldo reflects the idea that the scientific method, or positivism, will open vistas for change more probably than political consensus building or political competition. Frames, reformers might argue, have very little to do with scientific investigation; only attention to method assures "the Good Life" through either "a Philosopher-King or a Communist or Fascist Party charged with a greater responsibility than preserving civilization" (91).

C. Business Expertise

Strangely or not so strangely, expertise took on the modifier "business" to suggest the self-explanatory source. Waldo (1948, 91) senses this unmistakable, unarguable source in the early writings of the reformers as "a strong presumption that the businessman is the "expert" who is entitled to rule. The businessman has built this civilization; so he is morally entitled and mentally equipped to run it." Waldo recognizes dissents from the "business is sole source for administrative expertise" view, including Wilson (1887) when closely read. Rather than a business manager, public administration required a non-partisan administrator, one whose primary loyalty was not to a political party, and a person not elected to office, one steeped in the value of efficiency "whose responsibility can be unmistakably fixed" (1887, 213). With the twin emphases on efficiency and responsibility, Wilson continued (1887, 213):

> If administrative study can discover the best principles upon which to base [a distribution of authority in government], it will have done … an invaluable service. Montesquieu did not, I am convinced, say the

> last word.... All sovereigns are suspicious of their servants, and the sovereign people are no exception to the rule; but how is this suspicion to be allayed by knowledge? If that suspicion could be clarified into wise vigilance, it would be altogether salutary; if that vigilance could be aided by the unmistakable placing of responsibility, it would be altogether beneficent. Suspicion in itself is never healthful either in the private or the public mind. Trust is strength in all relations of life; and, as it is the office of the ... reformer to create conditions of trustfulness, so it is the office of the administrative organizer to fit administration with conditions of clear cut responsibility which shall insure trustworthiness.

Wilson builds a theory of public administration on efficiency, expertise, and clear-cut authority aimed toward the ultimate object of trust by the sovereign people. However efficiency, expertise and clear-cut authority may be defined, the trust of the sovereign in the administrator is Wilson's ultimate objective. In this way, Holzer et al. (in press) have noted the strange complement public choice theory provides to Wilson's theory, that efficiency as an independent variable makes more sense than as a dependent variable, that trust in public administrators makes far more sense and difference. Wilson's (1887) metaphorical explanation has a large participatory element, and he explains:

> The ideal for us is a civil service cultured and self-sufficient enough to act with sense and vigor, and yet so intimately connected with the popular thought, by means of elections and constant public counsel, as to find arbitrariness or class spirit quite out of the question (217).

The Wilsonian ideal administrator takes the best from the Federalists and adds the essence of someone aware and responsive, one-person political leaders and citizens can trust. Our interest in Wilson's view relates to how much more closely his comment implies a Jacksonian model, rather than the model of expertise and specialization described by others such as Heclo (2002). Wilson's comment does reveal the quintessential expression of an irresolvable tension between democracy and expertise.

The trust lies in the administrator and not the efficiency with which an administrator does the job and, most of all, not in elected officials. Frant (1993, 994) argues just this point when he says. "Statements of the late nineteenth-century civil service reformers do not reveal great concern about the difficulty of measuring output in the public sector, nor do they generally evince great disdain for the public sector as such. They do show a strong distrust of elected officials, but this distrust was far from irrational. It was based on an established fact of life: that elected chief executives could use their control of the political process to entrench themselves (or their party) in office, thereby subverting the electoral process." The distrust of elected officials hit a high mark in the civil service reforms. Milward (1978, 393), reflecting the feeling of the period in accounting for the reform causes and consequences, says, "... it was necessary to take politics out of the civil service and vice versa [and only] through depoliticization would it be possible to deny the spoilsmen patronage, their chief political resource, and thereby relegate the bosses to a minor role in the political system." Getting rid of corruption, rather than achieving efficient administration, dominated concern during the reform era. Rosenbloom and Obuchowski's (1977, 9) review of thinking in the era led them to argue that the civil service reform movement was only a part of an entire political system that reformers wanted to change. Efficiency became an intermediate goal, subordinate to the replacement of an entire class of politicians exploiting the masses.

Loyalty might be an underlying force, however, behind civil service reform. Patronage may have survived as a value in public administration. Villanueva (1993, 276–277) points out that, in hindsight, civil service reform has become an entry point for a "new patronage system." Recruitment may take place among those "who were ideologically compatible with policy objectives [of the president] ... whose views were compatible with his ideas on how foreign [or domestic, fiscal, monetary, or executive branch management] affairs should be managed." Early, reform era administrators may have supported reforms, and later the public policy aims of strong government presidents (Rourke 1992, 541–542). Patronage changed to loyalty in political ideology from loyalty in political party membership.

D. Budget Reform

The executive budget reform movement resolved the conceptual conflict between a ruling class of neutral, competent, business-oriented experts and the ideologically loyal presidential followers in public administration. In this movement, different groups vied for the normative high ground. The competition took place with different metaphors of governance, as well as distinctive ways to build a budget institution, and alternative explanations for the institutional constraints on individual decisions. Reformers also created the local and national budget systems as now known.

The budgeting literature, from its early reform period to the present, has elaborated a normative model of what should take place among government agencies and between branches of government as well as within government agencies. In this section, this model is reviewed in the forms it took in the municipal reform movement, the state reorganization movement, and the national government's executive budget movement.

1. The Municipal Reform Movement

The traditional history of the reform period, from 1890 to 1920, draws a picture of reaction. Reformers reacted to a situation in which immigrants voted on long ballots for bundled groups of machine candidates who assumed office in a fragmented structure and then went about processing voter demands and lining their own and their cronies' pockets, driving up taxes and expenditures to the detriment of the middle and old-moneyed, patrician classes (e.g., Adrian 1987; Hofstader 1955; Schiesl 1977).

Reformers reacted with a call for representativeness in political structures of a different sort. A genuine political community, not merely coalitions on both sides of a partisan struggle, would be achieved (MacDonald 1988). Specifically, according to Lineberry and Sharkansky (1971) the reformers had:

1. An aversion to "politics" as a means of arriving at public-policy decisions and specifically to political parties and organized interest groups
2. An holistic conception of the community, a belief that there is a single interest of the "community as a whole" to which "special interests" should be clearly subordinated
3. A strong preference for professional management of community affairs, implying preference for public policy-making by technical experts like the city manager
4. A strong faith in the efficacy of structural reform

At the root of the problem of partisanship was the ward election system in city governments of the time. Through divisions of the area, machine candidates could directly cultivate and exploit the new immigrant blocks, usually in homogeneous blocks of people who arrived from the same country. The machine politicians could then bundle their own ward candidates and run them without fear of their being able to be contested as a slate (Adrian 1987). The reformers tackled the problem head-on. They proposed at-large political offices that would be filled through nonpartisan elections. The reform produced the desired results, a dramatic fall-off in participation (Lineberry and Fowler 1967).

The reformers also proposed a centralization of power in the form of strong mayors with executive powers. These powers included the ability to appoint, through a combination of political appointments and a merit system, the most qualified experts and specialists to run city departments. This departmentalization of expertise would be coordinated through principles of orthodox management, narrow spans of control, and a chain of command. The work of the city government would be financed by a budget in which the various needs of departments as determined by experts would be presented and deliberated over by the mayor and a council of at-large elected council members. The responsible administration that was created as a result would be held accountable on

the basis of economy and efficiency by the electorate (Adrian 1987; Schiesl 1977). In summary, the municipal reform model is the clearest normative model of budgeting today. The model views a genuine political community as operating with leaders elected at-large to represent the community's interest as a whole, an administration staffed by experts headed by a strong mayor with executive powers, including a budget through which process the work of the city could be financed economically and efficiently.

2. The State Reorganization Movement

The reforms at the state level generally reacted to legislative supremacy and its problems. As White (1933, 207–208) has pointed out before reform, "the typical state agency or institution prepared its own estimates, submitted them directly to the appropriations committee, ultimately received an independent appropriation, and spent its funds without supervision other than that provided by the auditor." Such a system had led to an increase in total expenditure of the states by almost 650% over two decades, muckraking that revealed public ineptitude and corruption, and a growing following for "the new gospel" being spread by scientific management proponents (Cleveland 1915; Schick 1971):

> The new gospel's provisions included an executive budget that resembled that developed in the municipal reform movement and included three perspectives. The first or planning perspective enabled the governor to use the status of sole representative of all the people to produce an authoritative statement of policies and programs (15).

From the second or management perspective, partisans argued that the governor be chief coordinator. The executive would "standardize and consolidate agency estimates and… ensure that the budget facilitated the efficient conduct of the public business" (Schick 1971, 16). The management perspective linked the budget with the reorganization movement itself, the chief goal of which was to functionally consolidate fragmented agencies and strengthen the executive's appointive and removal powers.

The third or control perspective would deter waste and fraud. The governor would become the state's chief controller, installing centralized purchasing, accounting, personnel, and internal audit controls to protect against corrupt or inept officials.

The tradition that developed as executive budgets were installed, however, limited executives' roles in the process. The legislative bodies guarded their constitutional duty and prerogative to appropriate by trading some of their former financial powers for control over expenditures. Schick observes (1971, 18):

> De facto, the governor became the control agent of the legislature; his job was to present the budget accounts in a way that facilitated detailed legislative scrutiny of agency requests and enabled the legislature to intervene when it wanted to. The conception of the governor as active policymaker fell by the wayside, although his potential for this role remained.

In fact, Schick argues, prior unfettered agency initiative in the preparation of estimates did not change; rather, it provoked the creation of a centralized control role for the executive in checking unconstrained spending requests. Unchanged agency initiative and the new centralized check over it also displaced a policy and planning role.

3. The National Executive Budget Movement

The federal executive budget followed lines similar to that in the municipal reform and state reorganization movements. The movement at the national level emerged from the confluence of seven factors. First, Progressives wanted to head off the agrarian radicals and their proposals for

greater levels of government spending (Savage 1988). Second, Republicans wanted but did not have enough support to pass the Payne-Aldrich Tariff. Third, Progressives wanted but did not have enough support to pass the income tax. Fourth, Republicans blamed the panic of 1907 on spending and on the deficits of 1908, 1909, and 1910. Fifth, agrarian populism led to a widespread demand for schools, roads, and other government services. Sixth, the idea of centralized administration as essential to promote efficiency and accountability caught on as a result of the efforts of members of the Bureau movement (Waldo 1948). Finally, alarms were raised over World War I spending.

In reaction, over a period from 1907 to 1921, four major financial management events cascaded. First, centralization developed in the Treasury and in the Congressional appropriations process in the collection, reporting, and consideration of expenditure and revenue measures. Second, Congress passed parts of the Payne-Aldrich tariff that placed a 1% tax on corporate incomes above $5000. Third, Congress passed the individual income tax. Finally, Congress passed the Budget and Accounting Act of 1921.

For budgeting, the 1921 Act brought centralized management into being, and it created a balance between the legislative and executive branches in pursuit of financial management as a whole. Mosher (1984, 33), following Stourm (1917), divides the ideal budget process into four steps and assigns responsibility in this system to a branch. These steps appear in Table 7.2 as a picture of the ideal budget system.

The ideal system balanced the branches and provided checks of one over the other. The creation of the income tax, despite its later dilution and laggardly implementation (Savage 1988), complemented the budget act and led to the maintenance of balanced budget symbols. The ideal budget system created an answer to the economic question in providing that the chief executive steer the economy. The ideal also answered the accountability question in providing responsible, hierarchically oriented management. Finally, the rational decision making approach offered a technically elegant way of joining steering to responsibility.

If neutral competence and expertise guided recruitment and retention of government administrators, that expertise became the hammer to the nail of fiscal problems. Through reform, the idea took seed that (Kahn 1997, 1) "A program may be good or it may be bad, but if it does not pass budgetary muster, it is dead." The budget criterion served legislators who found the fiscal impact of a program easier to evaluate than policy or simply merit. The downside for decision making became clear. Information about a program's advantages would come from a reading of the values and needs of constituents, but a program's fiscal impact could come only from the analyses done by experts. These experts were steeped in an ethos of fiscal control—accounting detail and government revenue limits. More important, Kahn's budget experts personified basic Progressive era

TABLE 7.2
The Ideal Budget System

Step	Branch	1921 Act
Preparation	Executive	Bureau of the Budget (BoB)
Appropriation	Legislative	Congress through appropriations committees
Execution and control	Executive and legislative	Agencies, BoB, General Accounting Office (GAO)
Post audits	Legislative	GAO

Source: Adapted from Mosher, F. C., *A Tale of Two Agencies: A Comparative Analysis of the General Accounting Office and the Office of Management and Budget*, Louisiana State University Press, Baton Rouge, LA. With permission.

values—"efficiency, responsibility, accountability, politically neutral professionalism, management skill, fiscal integrity, parsimony" (Kahn 1997, 2).

Before reform, many observed an agglomeration of administrative fiefdoms serving members of Congress and their committees or local political machines with limited constituencies. The agglomeration of particularistic interests took public money and used it for the gain of each member of the committee or the political machine (Fisher 1975, 21–27). The national government collected revenue from a tariff and followed a policy of protectionism in trade internationally. Smithies (1955, 59–60) explained that:

> a government that could rely on customs revenues enjoyed special privileges. The political pressures were in the direction of higher taxes rather than lower.... Revenues flooded the Treasury.... [Fears] that embarrassingly large surpluses should be used as arguments for lower protective tariffs ... [outweighed concern] about high expenditures [and extravagance].... There was no process whereby the benefit of expenditures was weighed against costs in terms of taxation.... It is straining human nature too far to expect economy in the face of a budget surplus.

The revenue flood continued through the 1800s, except for a brief Civil War interruption. Congressional fragmentation, post-Civil War corruption (Dunning 1907, 229–293), and the appearance of deficits in 1903—due to pension bills, rivers and harbors projects, the Spanish-American War costs, and the cost of constructing the Panama Canal—brought Congressional inquiries, recognition of municipal reforms, and a realization that the president was the "protector of the purse" (Fisher 1975, 25–35). After reform, Kahn says that budgets became institutions. Budget institutions, he says (119), came to demarcate the public sphere of government action and thereby became indispensable referents for public discussion ["should this go into the budget?"] ... a coherent, interrelated, and unitary state ... [;] "imagining" the state, political actors were able to proceed to conceiving of more activist possibilities for the development and application of its power.

After the early twentieth century, Kahn notes (1997, 119), as budget reform extended to all governments in the US, the budget became "the ultimate means both to identify social problems—[if it gets into the budget, it's a significant social problem]—and to represent what government could and should do." Budget reform institutionalized action for the common good, and it identified the budget expert as the key decision maker in connecting public problems with government-administered solutions.

Reform, Kahn says, created a new theory of executive power, one in which accountability played the largest part. Kahn depicts a complex, growing federal government and a Congress without the institutional ability to take the leadership role. Realizing that the president had a far better institutional capacity for management and even leadership, members of Congress delegated. The thinking in Congress, Kahn said, amounted to the sense that only a hierarchy, a unitary government with "a single chief executive sitting atop a pyramid of bureaucratic authority" could produce a responsible and efficient government. If the practices of budget reform hold true to their promises, the Congress would become the principal and the president Congress' agent. The delegation of authority from Congress to the president would work if members of Congress could define the task clearly and determine whether the task was completed successfully.

Kahn recognizes the logic in Congressional delegation of power leading to a gain in Congressional control. Congressional oversight, and accountability, lay in clear, certain delegations of authority. The system would create efficiency and responsibility in a strong executive who must account for his actions to Congress. The logic and the executive budget system could institutionalize Congressional or representative government's control over a potential tyrant, and the logic and system could transform an elite corps of bureaucratic experts into a set of agents working in the interest of executives as leaders and ultimately of the people through Congress.

E. The Rise of the Budget Idea

Four different models vied for hegemony among reformers; we have begun to understand. One model is democracy. The model develops from the New England town meeting dealing with the tragedy of the commons (Hardin 1968). The model provides for wide participation among those with a stake in the outcome of decision making. All who participate have sufficient knowledge, and all, more or less, see the world in the same way, else they would not have a reason to participate. All have equal rights to participate, although some of the more able and respected take leadership roles. The purpose of the budget lies in proper use of the commons, the economic and social use of common resources. Finally, the purpose of the institution, all agree, is to represent "mutual coercion mutually agreed upon" (Hardin 1968, 1247–1248).

A second pro-business or corporate model exists. In this model, only taxpayers and bondholders vote. Organization managers maximize the use of taxpayers' and bondholders' resources, again pursuing economic development as a goal. Managers account for the returns from development to taxpayers and bondholders. Therefore, taxpayers and bondholders are consumers of private and public goods provided by government and must receive value for money.

A third progressive, positive government model competes (Dahlberg 1966; Kahn 1997; Schiesl 1977). Decision making may or may not include anyone other than managers and analysts. These legitimate decision makers take goals as given, represented in what taxpayers presently finance and for what purpose. The decision makers determine how well the costs and benefits of the work are distributed in terms of a decision rule such as: from each according to his or her wealth, to each according to need. Decision makers measure how well the government work is done—how well the work done in one program compares with the work done in others, the marginal rate of return. Decision makers believe in the fundamental proposition that government institutions are instruments for doing good, the common good, for solving social problems that developed as a result of industrialization and urbanization. Decision makers believe in the need for publicity of what the experts find important. Strong executives must order the work to make it efficient, thus they dominate government institutions. Decision makers, finally, believe that what government institutions do, when publicized, shows what the public responsibility is—what the responsibility for and to the commons is and that all with a stake in the commons delegate to government responsibility for efficient action.

The fourth model is a settlement house government model. Following (Addams 1902, 1905; Stivers 2000) and borrowing some from the Progressive Positive government group—government is an instrument for doing good, the common good, for solving social problems that developed as a result of industrialization, urbanization, and immigration. Social analysts conduct scientific surveys of social conditions. The surveys help determine the breadth and depth of social problems by talking with the poor and having the poor shape the interpretation and convey the significance of the social problems. Another survey or investigation helps the capacity of government departments to deal with the social problems. The capacity is found by talking with public managers, but the analyst interprets the information and conveys its significance. Analysts make the case for the budget to build capacity and direct that capacity to solve social problems based on data from the surveys. The analyst also reminds public managers and leaders of the citizen's right to information and keeps efforts at oversight and surveillance going with strong citizen participation.

The models represent elements of need, merit, and mutuality. The models represent different ways to define the idea serving the common good. The actors represent the models as well.

Kahn (1997) describes the primary actors—the ABCs—and two other influential ones in budget reform and the evolution of government institutions and individual decision making during this intense reform period. First, William Allen was (1997, 47) "the publicist, focused on using budgets to create an educated citizenry capable of exercising intelligent control over their elected officials." Allen was also "… an advocate, exhorting the general public to educate itself to full citizenship… ." He urged and motivated members of the public to transform themselves into a kind of mass elite.

Second, Frederick Cleveland (47) was "the technical expert, [an accounting and finance professor at New York University who] concentrated more on educating public officials and devoted his time to the mechanics of administrative reform (47)". Cleveland was " … a dispassionate investigator, addressing fellow experts and bringing the tools of scientific reasoning to bear on discrete problems of administration" (47).

Third, Henry Bruere was "the administrator, sought to maintain a balance between the two tendencies (and the two men)" (47). Bruere " … succeeded at building bridges between the bureau and government officials."

Two others amplified the themes of the ABCs. John D. Rockefeller, Kahn argues (1997), wanted no work done by the Bureau of Municipal Research with his money outside New York State and no dabbling in issues that other experts might deal with better. Rockefeller, according to Kahn, wanted the Bureau to be a useful, local, fiscal, and technical advisory institution. At a financially sensitive time, Rockefeller offered $10,000 for five years and help in raising another $100,000. The sensitivity arose from the expiration of several substantial five-year grants the Bureau depended upon would expire and, when the principals at the Bureau accepted Rockefeller's offer, effectively curbed Allen's efforts to identify social problems and utilize budgets as solutions.

William F. Willoughby was an academic public administration figure, a Princeton University political scientist, skilled in practical public administration as a Department of Labor statistician, with experience on the governing board of Puerto Rico, in the US Bureau of Census, and as legal advisor to the Chinese government. Willoughby, according to Kahn, believed that government should run efficiently. He distrusted popular democracy and thought publicity like Allen's of small importance, too technical. A more effective and realistic reform strategy, he believed, lay in concentrating on informing Congress as the people's representative, than to address the people themselves.

The Bureau men had seen improved administration as a means to restore some measure of popular control over government and to address the dangers of a disaffected citizenry. Willoughby saw the public simply as a mass whose opinion might on occasion be aroused to support the institute's independent goal of improving government administration. In Willoughby's hands, the people became instruments of expert reform rather than its intended beneficiaries, Kahn argues.

F. The 1921 Act

The Budget and Accounting Act of 1921 (P. L. 67-13, 42 Stat. 20–27) created an executive budget process, the Bureau of the Budget, and the General Accounting Office. The budget became a set of "[e]stimates of the expenditures and appropriations necessary in his judgment for the support of the government for the ensuing fiscal year" (42 Stat., 20) transmitted to Congress on the first day of each regular session. The estimates included those on receipts for the ensuing fiscal year under current law and under the revenue proposals the president made. Also, the president included the "expenditures and receipts of the Government during the last completed fiscal year" as well as those estimated "during the fiscal year in progress" (42 Stat., 20). The president would also report to Congress on deficiencies in financing spending due to inadequate revenues or due to laws enacted after the transmission of the budget, including recommendations to Congress for new taxes, loans, or "other appropriate action to meet the estimated deficiency" (42 Stat., 21). The budget curtailed direct requests by agencies to members of Congress:

> No estimate or request for an appropriation and no request for an increase in an item of any such estimate or request and no recommendation as to how the revenue needs of the government should be met, shall be submitted to Congress or any committee thereof by any officer or employee of any department or establishment, unless at the request of either House of Congress (42 Stat., 21–22).