

Office of Management and Budget: The View from the Executive Office

The federal budget will make its annual appearance at the end of the month under the seal of the Office of Management and Budget, a highly influential but reticent agency cloistered in the Executive Office of the President. This first of three articles on OMB discusses the development of the budget agency since World War II and looks at the evolution of the science budget from the OMB perspective.

The phrase "men with a passion for anonymity" was coined in a 1937 report of the President's Commission on Administrative Management and was used, often with malice, to describe the presidential advisers and top bureaucrats who manned the machinery of the New Deal and who accepted anonymity in exchange for power. Today, the phrase and its overtones might be applied to the officials of the Office of Management and Budget (OMB), who are as influential in the U.S. government as the gentlemen of the Treasury in Britain or the inspectors of finance in France.

Because the agency operates behind the scenes and because it appears to have the last word with the President on decisions which often result in cuts in program funds, OMB is blamed for goring a lot of congressional oxen, is a source of fear and anxiety to federal agencies, and is looked on by many members of the scientific community as the scourge of the science budget. The current struggle between Congress and the Administration over impoundment of funds is a notable demonstration of OMB's license and limits in wielding Executive power.

A budget agency has existed in the Executive branch for a little more than half a century; its influence has increased steadily as the government has grown in size and complexity, particularly in the last decade with the proliferation of social and welfare programs.

By the end of World War I, there was abundant evidence of the flaws in the traditional view that Congress set the budget through the appropriations process and the President simply administered the spending of the appropriated funds. The Budget and Accounting Act of 1921 established a Bureau of the Budget (BOB) in the

Treasury Department with the main responsibility for preparing the budget. During the New Deal, BOB acquired "clearance" authority over new legislation to ensure that it conformed with presidential policy and budgetary requirements. In 1939, BOB was reorganized out of the Treasury and into the Executive Office as part of a bigger, institutionalized staff for the President. In the 1950's and 1960's, BOB took a much stronger hand in shaping federal programs so that they would be more likely to achieve the goals set for them, and in the later 1960's heavier stress was put on evaluation of existing programs and on tighter central management of the sprawling new social programs. The Nixon Administration's heavy emphasis on effective management was symbolized in a 1970 reorganization which changed the name of a restructured Bureau of the Budget to the Office of Management and Budget. Along the way the budget agency became involved in matters such as the training of federal executives, information gathering, and long-term policy planning and short-term troubleshooting for the President. In the Washington crisis over the energy crisis, for example, OMB provided much of the staff work which produced the Administration response and also sent key cadre to the new energy agency.

Although the Nixon reorganization of the budget agency is only the latest step in an almost continuous process of change, it has had a significant effect on OMB operations. The ascendancy of management ideals has been particularly evident since the arrival last February in OMB's top posts of the Administration's two leading missionaries for management science, Roy L. Ash, now OMB director, and Frederic V. Malek, his deputy. The managerial

revolution, however, is far from complete in the federal service or even in OMB. Malek and others are frank to admit that while progress has been made, gaining effective, efficient management is a goal which will take considerable time and effort to achieve.

It should be noted that OMB has shown signs of an immune response when threatened with major changes in its mission or mode of operation. OMB has a half-century of experience in dealing with the budget and is dedicated to the task. OMB is a small agency with a highly selective recruiting policy, and, operating as it does behind the presidential shield, it stands high in the bureaucratic pecking order. It has its own habits and values, its own institutional memory, and its own heroes (mostly bureaucrats' bureaucrats). The annual job of producing the budget is exhaustive and exhausting, and OMB is one place in the federal service where the work ethic is exalted. When the budget review process reaches a crescendo in the last months of the year, OMB staff members traditionally bid farewell to sane office hours and weekends off. The standards OMB sets for itself make it one of the few genuinely elite agencies in the federal government, and, along with its reputation for competence and incorruptibility, OMB is also known for the elitist sins of institutional pride and self-righteousness.

To many scientists, OMB has seemed a sort of reverse Scrooge who regressed from benefactor to skinflint. To put the ups and downs of science in perspective, it is necessary to remember that the budget agency, like every other government agency, has had to react to the primary factors that have conditioned American government in the past two decades; these have been the Cold War, Great Society legislation, and the Vietnam war. In an attempt to understand the budget agency's point of view in handling the science budget in this period, *Science* talked to a number of past and present members of the staff of the budget agency, as well as to close observers in other federal agencies and on Capitol Hill. Particularly helpful in discussing BOB perspective in the 1960's were Charles L. Schultze, BOB director under President Lyndon Johnson and now at the Brookings Institution, and William D. Carey, who served in the Budget Bureau from 1942 until 1969 and held key jobs dealing with science and education affairs.

Carey is now an Arthur D. Little, Inc., vice president.

In the 1950's the real money in federal R & D was in defense, atomic energy, and medical research. Carey recalls that general-purpose, basic research was "tagged on" to the budgets in these main growth areas of R & D. Each of the main items represented different subgovernments and were handled differently in BOB.

"The bureau," as it still tends to be called by BOB veterans, had less leverage on military R & D than on civilian science. As technical investment became more critical under the conditions of the Cold War in the 1950's, the bureau realized it could not approach the review of the defense budget in the same way it did other budgets. Time was a factor. If defense "numbers" came into the bureau in October, as other agency figures did, it was physically impossible to get a massive military budget through the "screen," sort out issues, and get decisions by January. Therefore, a joint review of the budget was devised, with the bureau sharing the review carried out in the office of the Secretary of Defense. BOB, in effect, hitched on to the Defense Secretary's review of the budget. The review was essentially the Secretary's, not the budget director's, and the edge in decision-making on the military budget passed to the Pentagon.

With the formidable Robert S. McNamara as Secretary of Defense in the Kennedy Administration, the process went a step further. McNamara, by all accounts, was his own budget officer. Up to that time BOB had been instrumental in setting a dollar limit on the defense budget. McNamara succeeded in breaching BOB power to impose a total figure. It was the time of a shift from the doctrine of massive retaliation to a policy of more flexible response and a consequent major buildup of conventional forces. Those who witnessed the process year after year say the R & D component of the military budget was determined largely by the Secretary of Defense.

Reportedly, the budget agency has had some success in reasserting itself in recent years, but it will be interesting to see how the Department of Defense comports itself in the first budget cycle under its new Secretary, James R. Schlesinger. A former RAND Corporation economist, Schlesinger put his knowledge of defense systems to work in his first Washington job as an assist-

ant director of the BOB. He then moved on briefly to the top jobs at the Atomic Energy Commission (AEC) and the Central Intelligence Agency on his way to the office of Secretary of Defense. He is expected to keep a firm grip on the budgetary reins.

In the case of the AEC, relations with the budget agency have been less

skewed from the norm. AEC R & D also had to be seen in relation to military systems, but the AEC weapons budget has been relatively stable and has not gyrated as the Department of Defense budget did. The nonmilitary areas of AEC operations afforded an abundance of technological opportunities—civilian power, nuclear applica-

Mead Elected AAAS President

Anthropologist Margaret Mead has been elected president of the AAAS in the first election open to the association's general membership in modern times. AAAS officials said voting was lighter than expected, with just over 44,500 ballots received by mail from the 130,000 members. Ballot counts were not disclosed for Mead and her opponent, Melvin Calvin, a Nobel laureate in chemistry at the University of California at Berkeley.



Margaret Mead

As president-elect, Mead will serve as a member of the AAAS board of directors during 1974 and assume the presidency from Roger Revelle of Harvard University in January 1975. Also elected as members of the AAAS board were Ruth M. Davis, an applied mathematician with the National Bureau of Standards, and Chauncey Starr, president of the Electric Power Research Institute.

The mail election, carried out in November, is the first under a new organizational and procedural format intended to give the AAAS membership a larger voice in association affairs. After several years of debate, the 530-member governing council of the AAAS gave its final approval in December 1972 to a representative system in which each of the association's 21 sections functions as a discrete electorate. In addition to voting directly for board members and president, each electorate chose one or more delegates (the precise number depends on the size of the section) who together will comprise the new and much-reduced AAAS council. Its membership is 73—a reflection of the fact that only about 67,200 AAAS members have enrolled in, and therefore are represented by, the 21 sections. (All members were eligible to vote for president and board, however.)

William Bevan, the AAAS executive director, said he was "very impressed with the quality and mix" of persons elected to the new council and that its new composition was a "reassuring outcome" of the election. Any overlap that may exist between old and new councils was not immediately apparent.

In the past, council members often were chosen haphazardly by affiliated groups. The council was long regarded as unwieldy in size. Its members, moreover, tended to regard their appointments as honorific, and attendance at meetings has traditionally been poor. AAAS officials hope the new council, imbued with a sense of constituency, will overcome these difficulties. The new council first convenes at the AAAS meeting in San Francisco in February.—R.G.

tions in industry, particle physics. To BOB it seemed that the AEC science program could be dealt with objectively in terms of the state of the art, lead times, and fairly concrete cost considerations. Less quantifiable elements, such as the expectations of the scientific community and considerations of international prestige intruded, and the Joint Committee on Atomic Energy interceded from time to time, usually at the level of presidential decision. But in retrospect, to BOB veterans who participated in the process, the bureau never looked better in terms of analytical ability or reasonable outcomes than when dealing with the AEC science budget. Not all the decisions went BOB's way by any means. During Johnson's presidency, AEC Chairman Glenn T. Seaborg had a proverbial way of getting reversals of budget decisions unfavorable to the AEC. Johnson liked and respected Seaborg, and there are plenty of stories about Seaborg winning his point. One former high-level BOB witness to several such presidential intercessions says, "I think if Glenn had wanted to put a reactor on top of the White House LBJ would have said OK."

With the AEC in the 1960's, BOB was content to win some and lose some. From the bureau's standpoint, the experience with biomedical research was less satisfactory. The BOB view was that biomedical research took off largely through pressure-group tactics. As one veteran of the period put it, the growth of the biomedical research budget was "determined by the interests of a well-organized research lobby wired into the White House and the appropriations committees. The appropriations committees came to regard the budget power with open contempt."

Former Senator Lister Hill and the late Congressman John Fogarty, who managed the biomedical research boom in Congress, may be candidates for canonization in the biomedical community, but they are regarded as apostates in the bureau.

Carey says that "from our point of view it was a rationing problem. It's always a rationing problem. We were faced year after year with preemption; portions of the [R & D] budget were uncontrollable. The bureau wanted to provide for a reasonable rate of growth and expansion. Our feeling was that things got out of hand. A policy of growth for growth's sake seemed unacceptable."

The prevailing feeling in BOB was

that biomedical science was riding for a fall, and, when budget troubles finally hit biomedical research, the BOB staff did appear to react with more than a tinge of *schadenfreude*. It seems to be a misreading to regard BOB as anti-science. Carey, for example, points out that BOB was the first and most consistent advocate of federal support of R & D in the post-World War II period. BOB interested itself in preventing the collapse of the R & D thrust developed during the war, says Carey. It is rare for the bureau to take an advocacy role, but it did as far as research goes. BOB was involved in working out the compromise that created the National Science Foundation (NSF). Through the 1950's and 1960's, in good years and bad, says Carey, the staff of the bureau sheltered basic science and research. "We felt that basic research could not survive in open competition for money."

The relationship between the bureau and the scientific community has been a complex one. Carey recalls "a funny blend of attitudes in the bureau toward R & D. On the one hand sympathy and protectiveness, on the other hand exasperation—exasperation with the smugness and political unsophistication of the world of basic science."

Problems with Biomedicine

Carey acknowledges that there are special problems for the budget agency in handling the substance of biomedical research, which is harder to deal with, he says, than military R & D or atomic energy research. "We have problems of noncredentialed experts trying to deal with [experts]. All the competent researchers in the field are mortgaged to NIH by individual or institutional interests."

The central problem for the bureau in relation to R & D Carey put this way. "The managerial mind—of which the bureau is part and parcel—has an uncontrollable itch to know where [the money] is going, and the truth is we budgeted by the stars with no help when it came to the problem of choices, of setting priorities for public investment. And after a while you realize you're not going to get any help."

From BOB's perspective, the plateauing of the science budget in the late 1960's was produced by a convergence of circumstances. Not only had the R & D budget grown very rapidly, but Johnson's Great Society legislation put a severe and not fully anticipated squeeze on the budget. Initial funding

for the new legislation had been relatively small, but the ultimate costs were badly underestimated. In the same way, the costs of the Vietnam war were consistently undercalculated. In addition, the space program had peaked, and the NASA budget, which accounted for a major chunk of R & D funds, was headed down. Significantly, a BOB attempt to use NSF as a balance wheel to protect the R & D budget amounted to little. A proposal to shift R & D projects cut from mission agency budgets to NSF was put forward but cold-shouldered by Congress.

Any description of how OMB functions is likely to be oversimplified, partial, and rather abstract. The essential thing to remember is that OMB exists to serve the President, and the scope and style of its operations change with successive presidents. OMB is not autonomous or omnipotent, the impressions of those who consider themselves its victims to the contrary. Although OMB is somewhat insulated from the hurly-burly, it is no more immune to Washington political realities than its patron, the President.

Schultze says that in very simplified terms there are two groups in town. The first might be called the "President's party," which is comprised of his staff, including OMB, and state and local chief executives sympathetic to him. The other is the coalition of federal agency heads, senior congressional figures and their staffs, and a supporting cast of Washington lawyers and lobbyists. Presidents come and go, but the coalition stays on. Cabinet members in the past have usually been chosen for their expertise or influence with a particular constituency and have usually been placed somewhere in the middle between the two power groups. Presidents sometimes drive their Cabinet officers into the other camp. An alternative available to a Chief Executive is to appoint Cabinet secretaries primarily on the basis of their loyalty to him. Most observers feel that Nixon, with exceptions, has done this. Under Nixon the responsibility for setting policy and fashioning legislation has been shifted largely to the White House, leaving the Cabinet officers the jobs of day-to-day running of their departments and of liaison with Congress.

This key change in the locus of policy and legislative authority began before Nixon took office. It was during President Lyndon Johnson's push for his Great Society that the Administration's legislative program was framed,

Fredrickson May Head IOM

If he decides to accept the job, Donald S. Fredrickson will become the second president of the Institute of Medicine of the National Academy of Sciences, succeeding John R. Hogness who will assume the presidency of the University of Washington in Seattle.

Fredrickson is the first among four candidates whose names were submitted last November to academy president Philip Handler by the governing council of the institute. At present, he is director of intramural research at the National Heart and Lung Institute, where he has worked since 1953.

The council's unanimity in putting Fredrickson at the top of its list was considered surprising in some quarters because his background is almost exclusively in basic biomedical research rather than in biomedical policy, which is the institute's main business. (As a scientist, Fredrickson, who earned his M.D. from the University of Michigan Medical School, is known for his contributions to the field of inherited lipoprotein disorders, particularly as they relate to heart disease.) Nevertheless, he has been very active in the institute since its inception and is a member of its council and executive committee. The fact that he was elected to the academy last year is also seen as a point in his favor by those who conducted the research for Hogness's successor.

No deadline has been set for Fredrickson's response to the institute's offer, but there is speculation that he will have made up his mind by the time he returns from Europe in mid-January.—B.J.C.

not by the departments, but in the White House on the basis of the reports of special task forces. This approach had been tried during the Kennedy Administration, but the real initiative was taken by Johnson.

As one veteran of the Executive Office in that era put it, "Johnson felt he had to have a hundred bills a year. You can't even have a hundred bad bills a year, but every year he had those task forces working."

There is a consensus that during the Nixon Administration there has been a further strengthening of the powers of the President's personal staff and of Executive Office agencies like OMB at the expense of the departments. What the long-term effects of this will be are far from clear. Inevitably, the new arrangements have altered OMB's relationships with Congress, with the departments, and with other elements of the President's staff. What is most elusive is the change in the way that the budget agency has traditionally looked at its own functions.

Schultze suggests that this traditional view can be understood in terms of "role playing." On the one hand, for example, the President needs a Secretary of Health, Education, and Welfare who is loyal to him but is also compassionate and aware of the need to

put more resources into health, education, and welfare. The President also needs a counterbalancing, relatively hard-nosed, analytical input which is not politically oriented. In the past, the President has relied for this kind of advice on the White House agencies—the Council of Economic Advisers (CEA), the Office of Science and Technology, but principally OMB.

In the case of an education bill, for example, OMB should ask, "Are you playing up to the National Education Association or the chairman of the Appropriations subcommittee on education?" OMB should look at substantive matters, but with a fiscally fishy eye, says Schultze. "For the system to work, a President needs a lot of personal contact with Cabinet officers; there should be a lot of head-to-head discussion between Cabinet officials and the analytical group. These should not be naysayers, but rather a group of professional skeptics. (Schultze believes that Cabinet officers need their own counterparts to OMB's analysts.) OMB should keep the President informed on alternatives, and the budget office should be resigned to being overturned—but not too often."

Schultze and others who argue the case for the traditionalist view emphasize that the budget process has to be salted heavily with adversary relation-

ships played out in front of the President, and they also emphasize that the President must ultimately make the choices. This obviously loads the schedule of an already heavily burdened President, and those who believe that the budget affords the President his chief instrument in making effective policy tend to take a technocratically brusque view of the time a President spends on political or ceremonial pursuits. As one former senior official put it, "A President spends an awful lot of time on crap."

The advocates of competitive interplay feel that the President should not be screened from seeing policy people in government. But how completely has the ideal been achieved in the past? President Johnson had a voracious interest in the details of government, and a fund of information built up during three decades in Washington, but it appears that the adversary process was only partially carried out. Particularly as the Vietnam war preempted Johnson's attention, the range of subjects in which he participated personally in the final stages of budget review narrowed. In some areas of economic policy, for example, Johnson continued to meet with three or four of the chief actors—the Secretary of the Treasury, the chairman of CEA, the director of BOB, and the head of the Federal Reserve System. But when it came to education policy or science policy, it was "all done by staff," says one senior official.

Not So Much the Arbiter

During the first Nixon Administration, this trend accelerated, reinforced by the President's own lack of enthusiasm for give-and-take with relays of policy protagonists and by his immersion in foreign policy issues. Since his second term began, the distractions of Watergate have further reduced Nixon's time to act in the traditional role of budget arbiter.

In part because Congress has been controlled by the Democrats, the Nixon Administration has placed less emphasis on new legislation and more on reappraising existing programs and reallocating resources. Because of this and because of a passion for making government more businesslike, there has been an accent on the management arts. The Nixon Administration, however, has pursued the old aim of using the budget to pursue its policy goals. A second article will discuss how, in the process, OMB has changed and how it has remained the same.—JOHN WALSH