Regulation Growth and Bureaucratic Politics in the United States

Jongkon Lee*

Abstract: Diverse public administration and governance studies have argued that leviathan governments are no longer capable of efficient administration and that new governing structures should be substituted for traditional government regulations. Nevertheless, a large regulatory structure remains intact in the United States. This paper explores why traditional government regulation has persisted even in the era of new governance. Several regression tests indicate that bureaucratic attempts to secure the survival of agencies rather than administrative effectiveness determine the extent of regulation.

Keywords: regulation, organizational slack, bureaucratic politics, governance

INTRODUCTION

Several types of governing strategies have been developed in recent decades that accentuate societal actors rather than bureaucratic agencies and that are gathered under the umbrella term "new governance." What accounts for these new strategies according to those who tout them is that traditional forms of government lack the capacity to remedy market failures and have yielded serious inefficiencies in administration. Governing mechanisms that do not rest on governmental sanctions or have recourse to state authority have been emphasized, not only in theory (Rhodes 1996, 1997; Healey 1997; Stoker 1998; Pierre & Peters 2000; Park 2012) but also in practice (McGinnis et al. 1999; Gibson et al. 2000; Wondolleck & Yaffee 2000; Ansell 2003; Tuohy 2003; Weible et al. 2004; Ostrower 2007; Kwon 2012). Several studies have accentuated that self-monitor/enforcement systems (self-governance) can be more effective (especially for small communities) than top-down regulations by central governments (Ostrom 1990; Dixit 2004). Moreover, regulatory mechanisms lacking formal authority and

* Jongkon Lee is an assistant professor in Department of Political Science and International Relations at Ewha Womans University Seoul, Korea. E-mail: jongkonlee@ewha.ac.kr.

Manuscript received May 18, 2015; out for review June 22, 2015; review completed July 29, 2015; accepted July 31, 2015.

The Korean Journal of Policy Studies, Vol. 30, No. 2 (2015), pp. 47-68.

increasing reliance on the private sector for public services have been highlighted through the metaphors of "governance without government" (Rhodes 1996, 1997) and the "hollow state" (Peters 1994; Milward & Provan 2000). In addition, collaborative governance studies have stressed the roles of private actors (Gray 1989; Freeman 1997; Connick & Innes 2003; Kim 2014). In particular, regulatory governance studies have emphasized the delegation of regulatory authority to nonstate actors instead of leviathan command-and-control rules (Balleisen & Brake 2014; Berliner & Prakash 2013; Bowie & Jamal 2006). Although the arguments of individual studies differ on specifics, they have asserted with one voice that traditional regulation has declined considerably and that the new modes of governance, which Gerry Stoker (1998, p. 26) claims "mark a substantial break from the past," have become increasingly prevalent. Nevertheless, the number of U.S. federal regulations increased significantly in the 1990s and 2000s, even during the two Republican Bush presidencies. For example, page counts of rules published in the *Federal Register (FR)* increased from around 15,000 in the early 1980s and around 20,000 in the early 2000s to around 25,000 by the end of Bush administration. Similarly, the number of pages in the *Code of Federal Regulations (CFR)* has grown by more than 30% since the Reagan era, and in general, there has been an upward trend where the number of regulations is concerned, despite the scattered elimination of rules over the years (Dawson 2007; Coglianese 2008; Kerwin & Furlong 2011).

This article examines this puzzle as an effect of bureaucratic politics in the United States by exploring the (internal and external) factors that affect the extent of regulation and how bureaucratic agencies react to organizational slack. The reduction of regulatory demand is an environmental jolt that threatens the survival of regulatory agencies. Facing this unfavorable policy environment, agencies ignore the matter of the relative efficiency of governance types (e.g., governmental regulation or self-governance) and instead seek to accumulate organizational slack that can serve as a buffer, which contributes to maintaining a large regulatory structure.

THEORY: ORGANIZATIONAL SLACK AND ADAPTATION

Until recently, command-and-control regulations had long been the norm in the United States: regulatory routines allowed public agencies to take prompt administrative action while also enabling them to economize cognitive resources (Nelson & Winter 1982; Cohen 1991; Postrel & Rumelt 1992). Moreover, the regularized behaviors of public agencies eliminated administrative uncertainties and promoted coordination (Bourdieu 1992; Coriat & Dosi 1998). Regulatory routines tend to be highly effective

as "heuristics" (Suchman 1983) and "building blocks of organizational capabilities," particularly in stable environments (Winter 2003; Dosi et al. 2000). In other words, command-and-control regulation was a highly effective governing mechanism. However, over the last quarter century or so policy stakeholders have become highly fragmented and complexly intertwined in U.S. politics (Wright 1996; Hula 1999; Baumgartner et al. 2009). According to Robert Salisbury (1990, p. 213), "In a destabilized world of fragmented interests and multidimensional challenges from externality groups it becomes impossible for policy makers to identify which interests, if any, they can succumb to without grave political risk." Command-and-control regulations have thus become an obstacle in negotiations to coordinate diverse stakeholders under rapidly changing environments (Kesting & Smolinski 2007). Routinized implementation that ignores advances in professional knowledge has also caused serious "competency traps" in regulation (Hannan & Freeman 1984; Weiss & Ilgen 1985; Gersick & Hackman 1990).[1] In addition, according to Avinash Dixit (2004, p. vii), government has become "unable or unwilling to provide adequate protection of property rights and enforcement of contracts through the machinery of the state."

Nongovernment governance has been highlighted as an alternative to monolithic, inflexible, and ineffective government regulations (Jones et al. 1997; Peters & Pierre 1998; Provan & Kenis 2008). Many studies have argued that new governance strategies can remedy market failures because they are better able to adapt to dynamic environments and that such strategies encourage the formulation of diverse policy options. In addition, the interdependence between private and public participants makes more resources and information available(Rhodes 1988; Powell 1990; Peters & Pierre 1998).

Figure 1-1 shows that the number of final rules has been reduced continuously in the United States since the 1980s (Kerwin & Furlong 2011). Because plenty of final rules are technical modifications of existing rules or rules enacting deregulation, the number of final rules does not indicate the degree of regulation. Rather, the number of such rules speaks to the effectiveness of regulation as a governing method. Because regulatory agencies have failed to deal with complex policy issues and conflicting interests in an appropriate manner, their rulemaking has become "ossified" (McGarity 1992; Pierce 1995) and has been frequently challenged by policy stakeholders (in particular through judicial review). Despite the downward trend in the number of final

1. According to Barbara Levitt and James March (1988, p. 322), a competency trap emerges when "favorable performance with an inferior procedure leads an organization to accumulate more experience with it, thus keeping experience with a superior procedure inadequate to make it rewarding to use."

Figure 1-1. Number of Final Rules of U.S. Federal Agencies

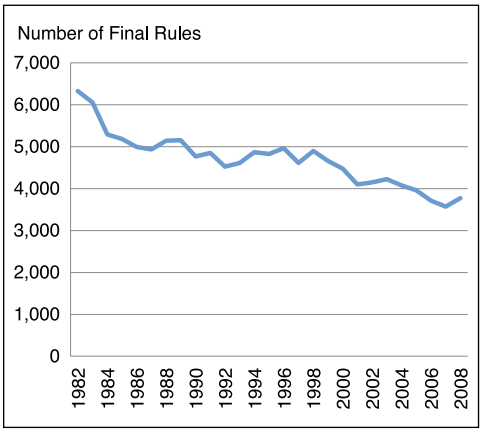
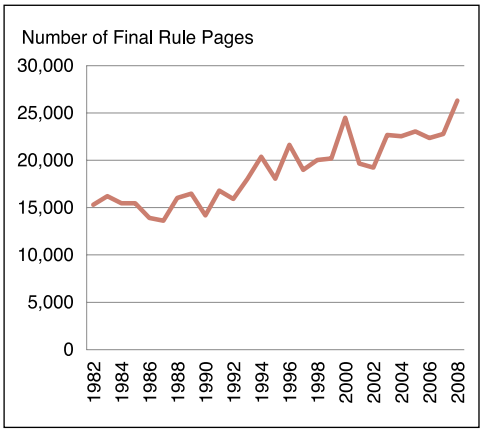


Figure 1-2. Final Rule Page Counts of U.S. Federal Agencies



Source: Kerwin and Furlong 2011.

rules, total regulation of U.S. federal agencies has increased in recent decades, as Figure 1-2 shows (Coglianese 2002; Yackee & Yackee 2010; Dawson & Seater 2013). The growth in the number of pages in the *CFR* illustrates this: it increased by 14.9% during the Reagan presidency, 9.4% under the Bush I administration, 7.5% in the Clinton years, and 14.4% under the Bush II administration (Kerwin & Furlong 2011, 22). Agencies have thus seemingly made a significant effort to expand regulation in spite of the consensus on the decreasing usefulness of governmental regulation as a governance type.

In the wake of the threatening signs of the decreasing utility of governmental regulation, regulatory agencies have made efforts to retain more organizational slack, in particular slack that is helpful in legislating more regulations. Many organizational studies have argued that agencies tend to adapt to environmental changes, especially when the exogenous shock significantly affects internal operating efficiency or external competitive position (Schendel et al. 1976). In other words, regulatory agencies accumulate organizational slack, in particular when agency survival is significantly threatened by decreasing regulatory demands. In this vein, contingency theorists have argued that agencies adjust themselves to fit the context in which they find themselves in order to enhance organizational survival (Thompson 1967; Galbraith 1973). Likewise, resource dependence studies have explained the dependence of organizations on resources critical to their survival. That dependence makes their survival uncertain, and so they attempt to minimize it by securing organizational slack (Pfeffer & Salancik 1978; Cyert & March 1963; Wang et al. forthcoming). Given the environmental threats to agency

survival, researchers have emphasized organizational slack as a "resource for conflict resolution" among heterogeneous stakeholders (Pondy 1967; Cyert & March 1963; Keegan & Turner 2002; Chen & Huang 2010), a "technical buffer" or "facilitator of creative ideas" against the variances caused by environmental uncertainty (Galbraith 1973; Thompson 1967; Chattopadhyay et al. 2001; Daniel et al. 2004), and 3 an "inducement" for organizational actors to remain within the system (Barnard 1938; March & Simon 1958; Wang et al. 2009).[2] As Michael Cohen and his colleagues observe (1972, p. 12), "Slack, by providing resource buffers between parts of the organization, is essentially a substitute for technical and value homogeneity."

Regarding conflict resolution, networking is a highly effective tool for generating organizational slack among regulatory agencies. In realizing effective governance, adroit mediating agents who are able to resolve interest conflicts have been highly important (Provan & Kenis 2008). In particular, dialogic interactions and horizontal collaborations that have been attempted without the help of state intervention have frequently been unsuccessful. Private organizations have no authority to make their partners commit to their agreements and so have repeatedly failed to broker conflicting interests appropriately (Hamilton et al. 2004; Swanstrom & Banks 2009; Weir et al. 2009). Therefore, governments have been required to resolve conflicting interests even under the new governance structures (Ansell 2000; Jackson 2009; Bell & Hindmoor 2009). The fact that conflict resolution still is most effectively handled by governments suggests that regulatory agencies may limit environmental threats by accumulating networking resources as a slack and by legislating regulations using the status of administrative broker. As Guy Peters and John Pierre note, "In the governance arguments the State does not become totally impotent; rather, it loses the capacity for direct control and replaces that faculty with a capacity for influence " (1998, p. 226).

This networking resource might also contribute to strengthening a technical buffer by allowing agencies to acquire detailed policy information from stakeholders (Putnam 2000; Jokisaari & Vuori 2010). However, an ongoing infusion of professional knowledge might be possible only when regulatory agencies have internal as opposed to external professionals. In other words, professional employees are important provide organizational slack as technical buffers for regulatory agencies. The expertise of internal and external professionals enable agencies to understand complex and unstable policy environments and to develop effective policy alternatives (Rourke 1997; Meier 1980),

2. Bourgeois (1981) separates the function of a facilitator of creative ideas from that of technical buffer. However, both functions are closely correlated and contribute to overcoming environmental uncertainties and to developing policy alternatives to resolve unprecedented administrative problems.

which in turn increases the amount of regulation. In contrast, inducement might be less useful as a way of generating slack. Even though both experienced workers who are long-time employees of an agency and robust organizational routines are beneficial in stable policy environments, the advantages of work experience in enacting regulations may not be as great as they once were owing to the unstable policy demands of stakeholders in recent decades,. The hypotheses derived from the theoretical arguments are:

> **H1 (Slack and Regulation):** The more organizational slacks agencies have, they better able they are to enact more regulations, despite recent environmental instability.
>
> **H2 (Agency Survival and Slack Accumulation):** When agency survival is threatened by decreased regulatory demands (or ineffective agency performance), agencies attempt to accumulate organizational slacks.
>
> **H3 (Effective Slack):** When agency survival is threatened by decreased regulatory demands, regulatory agencies employ more professionals (as a technical buffer) or reserve more networking resources (as a resource for conflict resolution) in order to spare organizational slack, rather than use inducements to increase the ratio of experienced worker).

STATISTICAL TEST 1: ORGANIZATIONAL SLACK AND QUANTITY OF REGULATION

Before we examine the bureaucratic politics by which regulatory agencies attempt to accumulate organizational slacks, we should explore the factors that lead to an increase in regulations. For the first statistical test, data were collected on 27 U.S. federal regulatory agencies (as indicated in Table 1) over 8 years (2001-2008) under Republican George W. Bush administration. To make the samples uniform, only the sizeable agencies whose regulations occupied by than 300 *CFR* pages in the 2000s were included. Agencies involved with international issues were excluded from the dataset.

Data and Measurement

Amount of Regulation and Demand

Many studies have used the number of the pages of the *CFR*, which codifies the

Table 1. Regulation Increase Rate among U.S. Federal Agencies between 2001 and 2008

Federal Agencies	CFR Increase Rate
Centers for Medicare and Medicaid Services, Environmental Protection Agency, Federal Aviation Administration, Fish and Wildlife Service, Social Security Administration	> 20%
Animal and Plant Health Inspection Service, Nuclear Regulatory Commission, Federal Emergency Management Agency, Patent and Trademark Office, Small Business Administration, Securities and Exchange Commission	between 10% and 20%
Indian Affairs Bureau, Land Management Bureau, Federal Communications Commission, Food and Drug Administration, Food and Nutrition Service, Forest Service, Minerals Management Service, Mine Safety and Health Administration, Occupational Safety and Health Administration, Food Safety and Inspection Service	between 0% and 10%
Agricultural Marketing Service, Alcohol Tobacco Firearms and Explosives Bureau, Employment and Training Administration, Farm Service Agency	< 0%

general and permanent regulations of individual agencies (e.g., Dawson & Seater 2013), to assess increases and decreases in the quantity of governmental regulations. This article follows this tradition. Although there was an overall increase in the number of U.S. federal regulations between the 1980s and the 2000s, not all kinds of regulatory agencies exhibited this pattern.[3] For example, between 1999 and 2008, the regulation increase rate of the Federal Railroad Administration was about 48% but that of the Federal Highway Administration was only about 14% and that of the Federal Transit Administration about 3%, though both of these latter agencies are under the same department. In addition, in this paper, the frequency with which regulatory agencies are lobbied has been used as a proxy of stakeholder regulatory demand. If policy stakeholders fail to resolve interest conflicts through nongovernmental methods and want governmental intervention, they tend to lobby agencies to issue more regulations (that are favorable to them) (McKay 2011; McKay & Yackee 2007). The data on regulatory lobbying come from the Center for Responsive Politics (www.Opensecrets.org).[4]

3. CFR pages also increased significantly in this period. The CFR had 127 pages in 1974, 202 pages in 1999, and 221 pages in 2008.
4. This database, however, does not have lobbying data for the Agricultural Marketing Service, Animal and Plant Health Inspection Service, Food and Nutrition Service, Farm Service Agency, and Food Safety and Inspection Service.

Organizational Slack and Agency Performance

As we have seen, for regulatory agencies, organizational slack is secured by their role in conflict resolution, by the technical buffers their employees can offer, and by inducements that enable them to prevent employee turnover. The variable used to measure the extent of inducement is the average service year of individual agencies' employees. The data for this variable come from the Central Personnel Data File (CPDF), which is published by the US Office of Personnel Management. The number of professional employees has also been retrieved from the CPDF, and the ratio of the number of professional employees to that of total employees has been used to measure of the extent to which professional expertise serves as technical buffer.[5] Annual spending on advisory committees has been used to measure individual agencies' networking resources, because advisory committee is one of the most important networking tools in the United States (Gormley & Balla 2004). Advisory committees engage in information-intensive interactions that help them develop creative policy alternatives (Applegate 1998; Balla 2004) and thereby resolve policy conflicts (Moffitt 2010). To limit overestimation of the variable, the spending of advisory committees created or mandated by Congress or the president was excluded, and the spending has been divided by the amount appropriated to the agency so as to remove the effect of agency size. The specific data come from the Federal Interagency Databases Online. Budget authority data (constant in 2008 million dollars) are from the U.S. Government Printing Office website.

In addition, the Program Assessment Rating Tool (PART) was employed to measure agency performance. The Office of Management and Budget under George W. Bush developed this tool to measure quality of program design, strategic planning, program management, and program results. Individual agency programs have been evaluated with a categorical scale ranging from effective (85-100), moderately effective (70-84), and adequate (50-69) to ineffective (0-49). Even though this measure is not perfect, it is assumed to be highly neutral and has been frequently employed by many administrative studies as a measure of agency performance (e.g., Gallo & Lewis 2012; Moynihan 2013). PART evaluations of individual agencies have been calculated using the median values of performance categories as the measure of agency performance. The data were retrieved from ExpectMore.gov.[6]

5. The CPDF defines professional employees as "highly skilled employees who have achieved a level of proficiency in the theoretical and practical application of a body of highly-specialized knowledge for personnel management and payment purposes." The U.S. Office of Personnel Management used this definition to calculate the number of professional employees.

Policy Environment

The amount of regulation is affected not only by agency resources but also by political situations and participants, which determine regulatory demands (Wilson 1980; Wood & Waterman 1991). If issues are salient, stakeholders are more sensitive to regulations, which may lead to regulations being updated repeatedly. Because issue salience has generally been was measured by taking a count of newspaper articles (Jones & Baumgartner 2005; Givens & Luedtke 2005), this article used the number of news articles in the *New York Times* that cite the name of a bureaucratic agency to measure the variable. Moreover, unified governments probably result in a decrease in the number of regulations because there will likely be fewer political conflicts in such an environment. A dummy variable is used for unified government, 1 for a unified government and 0 for a divided one. The ideological leanings of the president may also affect the number of regulations generated in a given period. Agencies during the sample period no doubt faced significant political pressures to reduce the quantity of regulations they generated, since the period correlates with a Republican presidency (that of George W. Bush). Furthermore, public opinion could affect both the level of demand for regulation demand and the number of regulations; a liberal policy mood, for example, would positively affect the quantity of regulation. Policy mood, a variable introduced by James Stimson, has been widely used as a way to measure of public support for government programs (Ura & Ellis 2008). The data regarding policy mood

Table 2. Descriptive Statistics for Regressions

Variable Groups	Variables	Mean	SD	N
regulation amount and demand	regulation amount	2.02	3.75	216
	regulation demand	137.94	178.36	176
organizational slack and performance	professional expertise	.29	.22	216
	work experience	16.98	2.13	216
	networking	.05	.17	216
	agency Performance	1.41	.52	216
policy environment	salience	130.45	254.50	216
	policy mood	59.45	2.34	216
	budget authority	58.89	176.31	216

6. See http://georgewbush-whitehouse.archives.gov/omb/expectmore/about.html.

are from http://stimson.web.unc.edu/data/. Table 2 shows the descriptive statistics of the independent and dependent variables.

Regression Results

Because this statistical analysis is based on a set of panel data, heteroskedasticity and autocorrelation problems may be possible. Thus, in models 2-1, 2-2, and 2-3 Prais-Winsten AR(1) regressions (Prais & Winsten 1954) were employed to correct this problem in connection with the use of the *CFR* pages as a tool for measuring the extent of regulation, and panel-corrected standard errors are reported in this paper. In addition, agency dummies as fixed effects were inserted in the regression models to address the heteroskedasticity problem, although the statistical results are not reported here. Because the frequency of lobbying as a proxy for regulatory demands is a count variable, panel negative binomial regressions with fixed effects were used instead of Prais-Winsten regressions. Moreover, to limit the effect of autocorrelation, the frequency of lobbying at year *t-1*, given dependent variable data of year *t*, was inserted.

The regression results are displayed in Table 3. As the positive coefficient of PART in model 1-3 shows, agencies with a track record of effective performance tend to be asked to intervene in administrative issues more frequently. However, the negative coefficient of PART in model 2-3 indicates that the agencies with low PART scores (i.e., those lacking sufficient administrative capabilities) have issued more regulations. These two conflicting results imply that in unfavorable policy environments, the agencies that are threatened by inefficient agency performance are more likely to seek to increase the number of regulations they generate.

In addition, Table 3 makes it that the level of professional expertise is a critical factor in the determination of both the demand for and amount of regulation. In other words, policy stakeholders request governmental intervention instead of resorting to self-governance if agencies are perceived as having sufficient professional resources to produce effective regulation. In contrast, work experience and networking were statistically insignificant with respect to regulation demands. The coefficients for work experience were even negative, implying that rigid bureaucratic organization might be detrimental to the usefulness of governmental regulations. However, as models 2-2 and 2-3 indicate, networking resources can affect the amount of regulation in interaction with professional expertise. Given the average value of professionalism (.294; see Table 2), the effect of networking on the amount of regulation is only negative. This result implies that conflict resolution does not contribute as much to increasing the quantity of regulation. However, the interactive variable (i.e., networking × professional expertise) also implies that the positive effect of professional expertise can be inflated

Table 3. Determinants of Regulation Amount and Demand

independent variables	Regulation Demand			Regulation Amount		
	Model 1-1	Model 1-2	Model 1-3	Model 2-1	Model 2-2	Model 2-3
professional expertise	3.519*** (.776)	3.547*** (.776)	3.027*** (.750)	4.989*** (1.514)	4.813*** (1.791)	4.813*** (1.791)
work experience	-.009 (.010)	-.009 (.010)	-.008 (.009)	-.009 (.007)	-.009 (.007)	-.009 (.007)
networking	.038 (.169)	.447 (.623)	.329 (.397)	-.024 (.192)	-.509* (.214)	-.509* (.214)
networking × professional expertise		-.712 (1.061)	-.388 (.711)		1.014† (.572)	1.014† (.572)
unified government	-.046 (.059)	-.045 (.059)	-.026 (.053)	-.107** (.038)	-.107** (.039)	-.107** (.038)
salience	.000 (.000)	.000 (.000)	.000 (.000)	-.001*** (.000)	-.001*** (.000)	-.001*** (.000)
policy mood	.032** (.012)	.032** (.012)	.036*** (.011)	.015* (.006)	.014* (.006)	.014* (.006)
budget authority	.002*** (.000)	.002*** (.000)	.001* (.000)	.001*** (.000)	.001*** (.000)	.001*** (.000)
agency performance			1.794*** (.467)			-13.756*** (1.025)
lobby (t-1)	.000 (.000)	.000 (.000)	.000 (.000)			
constant	-.561 (.782)	-.602 (.784)	-2.960** (.938)	20.361*** (1.938)	20.712*** (1.975)	37.322*** (3.090)
R^2				.9841	.9848	.9848
log likelihood	-672.567	-672.363	-664.101			
prob.>χ^2	.0000	.0000	.0000	.0000	.0000	.0000
N	176	176	176	216	216	216

† significant at .10 level, * significant at .05 level, **significant at .01 level, ***significant at .001 level (two-tailed).

by networking. Even when agencies have lots of internal professionals, detailed information about policy environments cannot be easily acquired without extensive dialogues with policy stakeholders as external professionals (Coglianese et al. 2009; Kennedy & Carpenter 1988; Nicholson-Crotty & O'Toole 2004). Therefore, networking might also be meaningful in that it increases the positive effect of technical buffers over conflict resolution on organizational slack. These results generally support H1: regulatory

agencies, in particular agencies with low administrative performance ratings, may accumulate organizational slack in order to ensure their survival. This hypothesis is statistically examined in the next section.

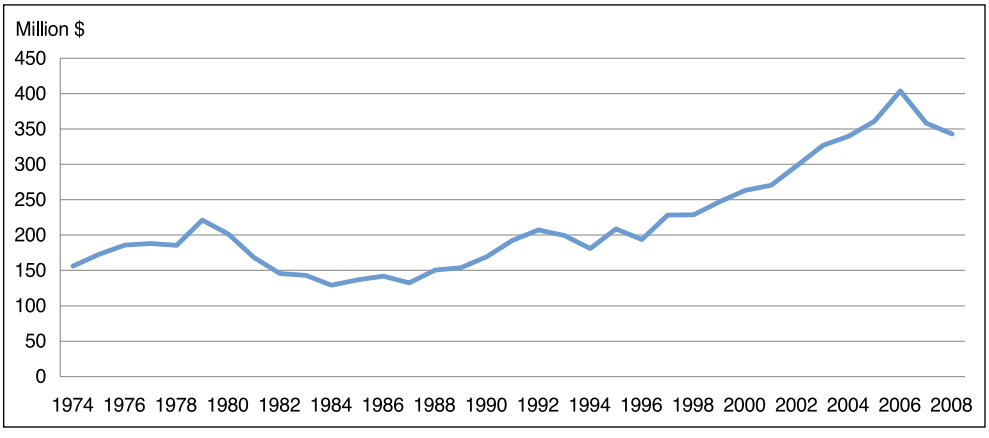
STATISTICAL TEST 2: BUREAUCRATIC POLITICS AND REGULATION ENACTMENT

Endogenous Changes in Organizational Slack

Because professional employees provide significant organizational slack for the regulatory agencies whose survival has been threatened by unfavorable policy environments, agencies try to accumulate slack that will strengthen their technical buffer. The CPDF data on U.S. federal agencies illustrates this point: the ratios of professionals to total employees have continuously increased, from 23.4% in 2000 and 24.8% in 2010 to 26.4% in 2014. In contrast, the ratio of experienced workers who served more than 20 years in an agency, the proxy for inducement slack, has decreased from 34.8% in 2000 and 30.2% in 2010 to 26.0% in 2014. These employment trends indicate that in light of budgetary limitations in employing human resources, U.S. federal agencies have hired more professionals that can reinforce their technical buffer instead of attempting to induce experienced workers to remain in the agency.

Regarding networking resources, agencies have generally increased their spending for advisory committees, even though that trend was slightly reversed recently (see Figure 2). Even though the direct effect from networking on rulemaking and the enacting

Figure 2. Annual Spending of U.S. Federal Advisory Committees



of regulations may be insignificant (Coglianese 1997; Coglianese & Allen 2005), agencies can acquire detailed policy information during the interaction with policy stakeholders (Putnam 2000; Jokisaari & Vuori 2010), which in turn could result in an increase in the quantity of regulation. Therefore, regulatory agencies might make efforts to secure networking slack that can contribute to reinforcing their technical buffer. These trends roughly support H2 and H3. These hypotheses are reexamined more rigorously with several regression models.

Political Environments and Slack Accumulation

Table 4 indicates what factors contribute to the retention of organizational slack. It can be inferred that agencies accumulate organizational slack by employing high-quality human resources. Regarding this issue, the general schedule (GS) rating as a dependent variable is meaningful (models 3-1 and 3-2). Work difficulty, responsibility, and qualifications determine GS ratings; higher GS steps are essentially incremental and are based on performance and length of service. In other words, professionals or experienced workers can apply for positions with higher GS ratings. For this paper, the number of professional employees (models 4-1 and 4-2) and average length of service (models 5-1 and 5-2) were used as dependent variables to examine the determinants of slack accumulation. These regression models may indicate the role of bureaucratic politics in the accumulation of organizational slack. In addition, as models 2-2 and 2-3 indicate, networking contributes to inflating the positive effect of professional expertise. Therefore, the spending for advisory committees was also used as a dependent variable.[7]

Several agency-specific factors were included as independent variables. Because limited regulatory demands or ineffective administrative performance compromise agency survival, agencies with these characteristics attempt to accumulate more organizational slack that could in turn contribute to increasing the amount of regulation. Because regulatory demand data were not available for five agencies, models 3-1, 4-1, 5-1, and 6-1 were reexamined by excluding the variable in order to increase sample size. In addition, several political environment factors, such as issue salience, unified government, and policy mood, were included as controls. Because independent agencies ostensibly are less affected by the ideological stance of the president, they may accumulate slack more easily. Furthermore, when political pressures from President

7. The number of professional employees was divided by 1,000 for convenience purposes. The spending for advisory committees was constant in 2008 dollars and only the advisory committees established by agency authority were considered, because other advisory committees are hardly established by agency discretion.

Table 4. Determinants of Regulatory Resource Accumulation

independent variables	Average GS		Employment of Professionals		Average Length of Service		Spending for Advisory Committees	
	Model 3-1	Model 3-2	Model 4-1	Model 4-2	Model 5-1	Model 5-2	Model 6-1	Model 6-2
regulatory demand	-.001† (.0007)		-.001*** (.000)		-.005 (.004)		-.001 (.001)	
agency performance	-1.706*** (.460)	-1.342* (.546)	-2.511*** (.409)	-2.098*** (.395)	-14.942 (16.247)	-9.442 (.8.245)	-5.081** (1.628)	-4.205*** (1.251)
independent agency	.133 (.477)	.085 (.486)	.367*** (.076)	.163** (.055)	.967 (1.108)	.603 (1.002)	.163 (.105)	.069** (.025)
unified government	.148 (.111)	.058 (.091)	-.044† (.024)	-.036† (.018)	-.006 (.198)	-.244† (.135)	.040 (.027)	.036 (.023)
policy mood	-.028† (.015)	-.019* (.013)	.043*** (.005)	.026*** (.004)	-.028 (.040)	-.045† (.025)	.003 (.007)	-.001 (.004)
salience	-.005* (.002)	-.005* (.002)	-.000 (.000)	-.000 (.000)	.001 (.002)	.001 (.002)	-.000 (.000)	-.000 (.000)
total number of employees	.000 (.000)	-.000 (.000)	.000*** (.000)	.000*** (.000)	-.000† (.000)	-.000** (.000)	.000 (.000)	.000† (.000)
budget authority	.005*** (.001)	.004** (.001)	.000 (.000)	-.000 (.000)	.008† (.005)	.004 (.005)	.001 (.001)	.000 (.000)
constant	18.544*** (1.757)	17.124*** (1.982)	5.849 (1.404)	5.889 (1.364)	62.432 (47.524)	48.272* (24.611)	14.137** (4.721)	11.937** (3.669)
R^2	.9073	.9067	.9874	.9791	.1666	.2248	.9520	.9456
prob.>χ^2	.0000	.0000	.0000	.0000	.0000	.0045	.0000	.0000
N	176	216	176	216	176	216	176	216

† significant at .10 level, * significant at .05 level, **significant at .01 level, ***significant at .001 level (two-tailed).

Bush were neutralized or counteracted, agencies were able to secure slacks more easily. To limit the effect of agency size in terms of total budget or total employees, these variables were also inserted as controls. The Prais-Winsten AR(1) procedure was used to correct for residual autocorrelation, and panel-corrected standard errors are given in parentheses. The statistical results for agency dummies were omitted here.

Models 3-1 and 3-2 show that agencies hire more high-quality employees to create slack when they face unfavorable regulatory demand or received poor performance reviews. In particular, as models 4-1, 4-2, 5-1, and 5-2 indicate, higher GS seats are increasingly being filled by professionals rather than experienced workers. Regarding regulatory demand and agency performance, the coefficients of the variables for both the number of professionals and average length of service, are negative. However,

these variables are statistically significant only with employment of professionals. This fact supports H2 and H3, in that the agencies whose survival is threatened by decreased regulation demand or poor performance accumulate more organizational slack in particular professional employees to increase their chance of survival. Regarding spending for advisory committees, similar to employment of professionals, agencies whose performance is not efficient are more likely to try to secure slack. However, as seen in Table 3, the effect of networking was limited and dependent on professional expertise. Partly because of this fact, the variable is statistically insignificant in connection with regulatory demands. In other words, when agencies face decreasing regulatory demands, they have less incentive to collect more networking resources than they do to hire more professional employees.

CONCLUSION

Even though new governance studies have emphasized nongovernment governing methods, governmental regulation remains the most dominant governing method. This article suggests that this puzzle can be explained by way of reference to bureaucratic politics. In particular when the survival of regulatory agencies is threatened as a result of decreased regulatory demands or poor performance, such agencies seek to accumulate more organizational slack, in particular professional employees who can provide a technical buffer. Consequently, the number of regulations has increased not because policy stakeholders have demanded more regulations but because agencies are engaging in bureaucratic politics in a bid for organizational survival. Thus, ironically, the agencies that have received poor administrative performance reviews tend to generate more regulations (see model 2-3), drawing on organizational slack in the form of professional employees or networking resources (see Table 4), even though the regulatory demands being made on them tend to be limited (see model 1-3).

Admittedly, these study results may harbor several statistical weaknesses pertaining to external validity and confounder problems. This study is limited by the fact that it examines agency decisions only during the George W. Bush administration. Moreover, this study does not consider the distinctive effects of different regulation types such as social and economic regulations. Despite these shortcomings, this study clearly indicates at least that political factors, in particular bureaucratic politics aimed at securing organizational survival, rather than neutral efficiency affect the quantity of and demand for regulation, since when regulatory agencies face unfavorable policy environments, they have a significant incentive to secure more organizational slack. Consequently, even during the George W. Bush administration, a highly conservative presidency in the

United States, such agencies issued more regulations. However, this article does not argue that bureaucratic politics is the unique or the most important factor; as Table 3 indicates, diverse political factors such as unified government and issue salience are also significant.

REFERENCES

Ansell, C. K. 2000. The networked polity: Regional development in Western Europe. *Governance*, 13(2): 279-291.

Ansell, C. K. 2003. Community embeddedness and collaborative governance in the San Francisco Bay area environmental movement. In M. Diani and D. McAdam (eds.), *Social Movements and networks: Relational approaches to collective action* (pp. 123-145). Oxford: Oxford University Press.

Applegate, J. S. 1998. Beyond the usual suspects: The use of citizens advisory boards in environmental decisionmaking. *Indiana Law Journal*, 73(3): 903-957.

Balla, S. J. 2004. Between commenting and negotiation: The contours of public participation in agency rulemaking. *I/S: A Journal of Law and Policy for the Information Society*, 1(1): 59-94.

Balleisen, E. J., & Brake, E. K. 2014. Historical perspective and better regulatory governance: An agenda for institutional reform. *Regulation and Governance*, 8(2): 222-245.

Barnard, C. I. 1938. *The functions of the executive*. Cambridge, MA: Harvard University Press.

Baumgartner, F. R., Berry, J. M., Hojnacki, M., Kimball, D. C., & Leech, B. L. 2009. *Lobbying and policy change: Who wins, who loses, and why*. Chicago: University of Chicago Press.

Bell, S., & Hindmoor, A. 2009. *Rethinking governance: The centrality of the state in modern society*. Cambridge: Cambridge University Press.

Berliner, D. l, & Prakash, A. 2013. Signaling environmental stewardship in the shadow of weak governance: The global diffusion of ISO 14001. *Law and Society Review*, 47(2): 345-373.

Bourdieu, P. 1992. *Outline of a theory of practice*. Cambridge: Cambridge University Press.

Bourgeois, L. J., III. 1981. On the measurement of organizational slack. *Academy of Management Review*, 6(1): 29-39.

Bowie, N. E., & Jamal, K. 2006. Privacy rights on the internet: Self-regulation or government Regulation? *Business Ethics Quarterly*, 16(3): 323-342.

Chattopadhyay, P., Glick, W. H., & Huber, G. P. 2001. Organizational actions in response to threats and opportunities. *Academy of Management Journal*, 44(5): 937-955.

Chen, C.-J., & Huang, Y.-F. 2010. Creative workforce density, organizational alack, and innovation performance. *Journal of Business Research*, 63(4): 411-417.

Coglianese, C. 1997. Assessing consensus: The promise and performance of negotiated rulemaking. *Duke Law Journal*, 46(6): 1255-1349.

Coglianese, C. 2002. Empirical analysis and administrative law. *University of Illinois Law Review*, 2002(1): 1111-1137.

Coglianese, C. 2008. The rhetoric and reality of regulatory reform. *Yale Journal on Regulation*, 25(1): 85-95.

Coglianese, C., & Allen, L. K. 2005. Building sector-based consensus: A review of the EPA's common-sense initiative. In T. d. Bruijn and V. Norberg-Bohm (eds.), *Industrial transformation: Environmental policy innovation in the United States and Europe* (pp. 65-92). Cambridge, MA: MIT Press.

Coglianese, C., Kilmartin, H., & Mendelson, E. 2009. Transparency and public Participation in the federal rulemaking process: Recommendations for the new administration. *George Washington Law Review*, 77(4): 924-972.

Cohen, M. D. 1991. Individual learning and organizational routine: Emerging connections. *Organization Science*, 2(1): 135-139.

Cohen, M. D., March, J. G., & Olsen, J. P. 1972. A garbage can model of organizational choice. *Administrative Science Quarterly*, 17(1): 1-25.

Connick, S., & Innes, J. E. 2003. Outcomes of collaborative water policy making: Applying complexity thinking to evaluation. *Journal of Environmental Planning and Management*, 46(2): 177-197.

Coriat, B., & Dosi, G. 1998. Learning how to govern and learning how to solve problems: On the co-evolution of competences, conflicts, and organisational routines. In D. Chandler, P. Hagstroem, and O. Soelvell (eds.), *The dynamic firm: The role of technology, strategy, organization, and regions* (pp. 103-133). Oxford: Oxford University Press.

Cyert, R. M., & March, J. G. 1963. *A behavioral theory of the firm*. Englewood Cliffs, NJ: Prentice-Hall.

Daniel, F., Lohrke, F. T., Fornaciari, C. J., & Turner, R. A., Jr. 2004. Slack resources and firm performance: A neta-analysis. *Journal of Business Research*, 57(6): 565-574.

Dawson, J. W. 2007. Regulation and the macroeconomy. *Kyklos*, 60(1): 15-36.

Dawson, J. W., & Seater, J. J. 2013. Federal regulation and aggregate economic growth. *Journal of Economic Growth*, 18(2): 137-177.

Dixit, A. K. 2004. *Lawlessness and economics: Alternative modes of governance*. Princeton, NJ: Princeton University Press.

Dosi, G., Nelson, R. R., & Winter, S. G. 2000. Introduction. In G. Dosi, R. R. Nelson, and S. G. Winter (eds.), *The Nature and Dynamics of Organisational Capabilities* (pp. 1-22). Oxford: Oxford University Press.

Freeman, J. 1997. Collaborative governance in the administrative state. *UCLA Law Review*, 45(1): 1-98.

Gailmard, S., & Patty, J. W. 2012. *Learning while governing: Expertise and accountability in the executive branch*. Chicago: University of Chicago Press.

Galbraith, J. R. 1973. *Designing complex organzations*. London: Addison-Wesley.

Gallo, N., & Lewis, D. E. 2012. The consequences of presidential patronage for federal agency performance. *Journal of Public Administration Research and Theory*, 22(2): 219-243.

Gersick, C. J. G., & Hackman, J. R. 1990. Habitual routines in task-performing groups. *Organizational Behavior and Human Decision Processes*, 47(1): 65-97.

Gibson, C. C., McKean, M.A., & Ostrom, E. 2000. *People and forests: Communities, institutions, and governance*. Cambridge, MA: MIT Press.

Givens, T., & Luedtke, A. 2005. European immigration policies in comparative perspective: Issue salience, partisanship and immigrant rights. *Comparative European Politics*, 3(1): 1-22.

Gormley, W. T., & Balla, S. J. 2004. *Bureaucracy and democracy: Accountability and performance*. Washington, DC: CQ Press.

Gray, B. 1989. *Collaborating: Finding common ground for multi-party problems*. San Francisco: Jossey-Bass.

Hamilton, D. K., Miller, D. Y., & Paytas, J. 2004. Exploring the horizontal and vertical dimensions of the governing of metropolitan regions. *Urban Affairs Review*, 40(2): 147-182.

Hannan, M. T., & Freeman, J. 1984. Structural inertia and organizational change. *American Sociological Review*, 49(2): 149-164.

Healey, P. 1996. Consensus-building across difficult divisions: New approaches to collaborative strategy making. *Planning Practice and Research*, 11(2): 207-216.

Healey, P. 1997. *Collaborative planning: Shaping places in fragmented societies*. Vancouver: University of British Columbia Press.

Hula, Kevin W. 1999. *Lobbying Together: Interest Group Coalitions in Legislative Politics*. Washington, DC: Georgetown University Press.

Jackson, Peter M. 2009. The size and scope of the public sector. In T. Bovaird and E. Löffler (eds.), *Public management and governance* (pp. 27-40). New York: Routledge.

Johnston, W., Hicks, D., Nan, N., & Auer, J. C. 2011. Managing the inclusion process in collaborative governance. *Journal of Public Administration Research and Theory*, 21 (4): 699-721.

Jokisaari, M., & Vuori, J. 2010. The role of reference groups and network position in the timing of employment service adoption. *Journal of Public Administration Research and Theory*, 20(1): 137-156.

Jones, B. D., & Baumgartner, F. R. 2005. *The politics of attention: How government prioritizes problems*. Chicago: University of Chicago Press.

Jones, C., Hesterly, W. S., & Borgatti, S. P. 1997. A general theory of network governance: Exchange conditions and social mechanisms. *Academy of Management Review*, 22(4): 911-945.

Keegan, A., & Turner, J. R. 2002. The management of innovation in project-based firms. *Long Range Planning*, 35(4): 367-388.

Kennedy, S. L., & Carpenter, W. J. D. 1988. *Managing public disputes. A practical guide to handling conflict and reaching agreement*s. San Francisco: Jossey-Bass.

Kerwin, C. M., & Furlong, S. R. 2011. *Rulemaking: How government agencies write law and make policy*. 4th ed. Washington, DC: CQ Press.

Kesting, P., & Smolinski, R. 2007. When negotiations become routine: Not reinventing the wheel while thinking outside the box. *Negotiation Journal*, 23(4): 419-438.

Kim, D.-Y. 2014. Transformation of countervailing power in collaborative governance: A case study of the Shi-Hwa sustainable development committee. *Korean Journal of Policy Studies*, 29(3): 53-77.

Kwon, H.-W. 2012. Daechuri as symbolic battleground: Failure to integrate divergent frames for conflict interpretation. *Korean Journal of Policy Studies*, 27(3): 27-45.

Levitt, B., & March, J. G. 1988. Organizational learning. *Annual Review of Sociology*, 14: 319-340.

March, J. G., & Simon, H. A. 1958. *Organizations*. New York: Wiley.

McGarity, T. O. 1992. Some thoughts on deossifying the rulemaking process. *Duke Law Journal*, 41(6): 1385-1462.

McGinnis, M. V., Woolley, J., & Gamman, J. 1999. Bioregional conflict resolution: Rebuilding community in watershed planning and organizing. *Environmental Management*, 24(1): 1-12.

McKay, A.M., & Yackee, S. W. 2007. Interest group competition on federal agency rules. *American Politics Research*, 35(3): 336-357.

McKay, A. M. 2011. *The decision to lobby bureaucrats. Public Choice*, 147(1-2): 123-138.

Meier, Kenneth J. 1980. Measuring organizational power: Resources and autonomy of

government agencies. *Administration Society,* 12(3): 357-375.
Milward, H. B., & Provan, K. G. 2000. Governing the hollow state. *Journal of Public Administration Research and Theory*, 10(2): 359-380.
Moffitt, S. L. 2010. Promoting agency reputation through public advice: Advisory committee use in the FDA. *Journal of Politics*, 72(3): 880-893.
Moynihan, D. P. 2013. Advancing the empirical study of performance management: What we learned from the program assessment rating tool. *American Review of Public Administration*, 43(5): 499-517.
Nelson, R. R., & Winter, S. G. 1982. *An evolutionary theory of economic change*. Cambridge, MA: Belknap Press of Harvard University Press
Nicholson-Crotty, S., & O'Toole, L. J. 2004. Public management and organizational performance: The case of law enforcement agencies. *Journal of Public Administration Research and Theory*, 14(1): 1-18.
Ostrom, E. 1990. *Governing the commons: The evolution of institutions for collective action*. New York: Cambridge University Press.
Ostrower, F. 2007. Nonprofit governance in the United States: Findings on performance and accountability from the first national representative study. Washington, DC: Urban Institute Press.
Park, S.-H. 2012. Consolidating public sector reform through policy transfer in Korea: Global diffusion and local control. *Korean Journal of Policy Studies*, 27(3): 1-25.
Peters, B. G. 1994. Managing the hollow state. *International Journal of Public Administration*, 17(3): 739-756.
Peters, B. G., & Pierre, J. 1998. Governance without government? Rethinking public administration. *Journal of Public Administration Research and Theory*, 8(2): 223-243.
Pfeffer, J., & Salancik, G. R. 1978. *The external control of organizations: A resource dependence perspective*. New York: Harper and Row.
Pierce, R. J. 1995. Seven ways to deossify agency rulemaking. *Administrative Law Review*, 47(1): 59-95.
Pierre, J., & Peters, B. G. 2000. *Governance, politics, and the state*. London: Macmillan.
Pondy, L. R. 1967. Organizational conflict: Concepts and models. *Administrative Science Quarterly*, 12(2): 296-320.
Postrel, S., & Rumelt, R. P. 1992. Incentives, routines, and self-command. *Industrial and Corporate Change*, 1(3): 397-425.
Powell, W. W. 1990. Neither market nor hierarchy: Network forms of organization. In B. M. Staw and L. L. Cummings (eds.), *Research in Organizational Behavior* (pp. 295-336). Greenwich, CT: JAI Press.
Prais, S. J., & Winsten, C. B. 1954. Trend Estimators and Serial Correlation. *Cowless*

Commission Discussion Paper, No. 383.

Provan, K. G., & Kenis, P. 2008. Modes of network governance: Structure, management, and effectiveness. *Journal of Public Administration Research and Theory*, 18(2): 229-252.

Putnam, R. D. 2000. *Bowling alone*. New York: Simon and Schuster.

Rhodes, R. A. W. 1988. *Beyond Westminster and White-hall*. London: Unwin Hyman.

Rhodes, R. A. W. 1996. The new governance: Governing without government. *Political Studies*, 44(4): 652-667.

Rhodes, R. A. W. 1997. *Understanding governance: Policy networks, governance, reflexivity, and accountability*. Milton Keynes, UK: Open University Press.

Rourke, F. E. 1984. *Bureaucracy, politics, and public policy*. 3rd ed. Boston: Little, Brown.

Rourke, F. E. 1997. Politics and bureaucracy: Their impact on professionalism. In A. Farazmand (ed.), *Modern systems of government: Exploring the role of bureaucrats and politicians* (pp. 181-195). Thousand Oaks, CA: Sage.

Salisbury, R. H. 1990. The paradox of interest groups in Washington—more groups, less clout. In A. King (ed.), *The New American Political System*. Washington, DC: American Enterprise Institute.

Schendel, D., Patton, G. R., & Riggs, J. 1976. Corporate turnaround strategies: A study of profit decline and recovery. *Journal of General Management*, 3(3): 3-11.

Stoker, G. 1998. Governance as theory: Five propositions. *International Social Science Journal*, 50(155): 17-28.

Suchman, L. A. 1983. Office procedure as practical action: Models of work and system design. *ACM Transactions on Office Information Systems*, 1(4): 320-328.

Swanstrom, T., & Banks, B. 2009. Going regional. *Journal of Planning Education and Research*, 28(3): 355-367.

Thompson, J. D. 1967. *Organization in action*. Chicago: McGraw-Hill.

Tuohy, C. H. 2003. Agency, contract, and governance: Shifting shapes of accountability in the health care arena. *Journal of Health Politics Policy and Law*, 28(2-3): 195-216.

Ura, J. D. l, & Ellis, C. R. 2008. Income, preferences, and the dynamics of policy responsiveness. *PS: Political Science and Politics*, 41(4): 785-794.

Wang, H. C., He, J., & Mahoney, J. T. 2009. Firm-specific knowledge resources and competitive advantage: the roles of economic- and relationship-based employee governance mechanisms. *Strategic Management Journal*, 30(12):1265-1285.

Wang, H., Choi, J., Wan, G., & Qi Dong, J. Forthcoming. Slack resources and the rent-generating potential of firm-specific knowledge. *Journal of Management*.

Weible, C., Sabatier, P. A., & Lubell, M. 2004. A comparison of a collaborative and

top-down approach to the use of science in policy: Establishing marine-protected areas in California. *Policy Studies Journal*, 32(2): 187-207.

Weir, M., Rongerude, J., & Ansell, C. K. 2009. Collaboration is not enough: Virtuous Cycles of reform in transportation policy. *Urban Affairs Review*, 44(4): 455-89.

Weiss, H. M., & Ilgen, D. R. 1985. Routinized behavior in organizations. *Journal of Behavioral Economics*, 14(1): 57-67.

Wilson, J. Q. 1980. *The politics of regulation*. New York: Basic Books.

Winter, S. G. 2003. Understanding dynamic capabilities. *Strategic Management Journal*, 24(10): 991-995.

Wondolleck, J. M., & Yaffee, S. L. 2000. *Making collaboration work: Lessons from innovation in natural resource management*. Washington, DC: Island Press.

Wood, B. D., & Waterman, R. W. 1991. The dynamics of political control of the bureaucracy. *American Political Science Review*, 85(3): 801-828.

Wright, J. R. 1996. *Interest groups and congress: Lobbying, contributions, and influence.* Boston: Allyn and Bacon.

Yackee, J. W., & Yackee, S. W. 2010. Administrative procedures and bureaucratic performance: Is federal rule-making "ossified"? *Journal of Public Administration Research and Theory*, 20(2): 261-282.