

*LEARNING WHILE GOVERNING: EXPERTISE AND ACCOUNTABILITY IN THE EXECUTIVE BRANCH*

Sean Gailmard and John W. Patty,

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*Book Review by Lars Tummers*

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The principal-agent framework is one of the best known frameworks in economics and beyond. It can be used to analyze problems when one party (the agent) is asked to perform actions for another party (the principal). In political science and public administration, the principal-agent framework is often used to analyze the relationship between politicians (the principals) and civil servants (the agents). Politicians have to rely on civil servants for policy development and implementation. However, they cannot fully control them. How can politicians then make sure that civil servants develop and implement policies which have – according to the politicians - desirable policy outcomes?

To date, various solutions have been given to align the interests of politicians and civil servants. One solution is to make it easy to fire civil servants. With the threat of losing their job, civil servants would be more inclined to follow the demands of politicians. Another solution is to limit the discretion of civil servants. By giving civil servants no freedom to diverge from the official policy, it is assumed that politicians can make sure that the policy will be implemented according to their plans. Such ‘standard’ solutions follow the ‘standard logic of bureaucratic accountability’: civil servants (agents) are fully accountable to politicians (principals) when they make the same decisions the politicians would have made if they held the same information the civil servants hold.

In their book ‘Learning while Governing’, Sean Gailmard and John Patty convincingly argue that such solutions are inaccurate. Standard solutions – such as making it easier to fire public servants or limiting discretion - fail to take into account the role information plays in policy development and implementation. These solutions assume that the information civil servants (agents) possess is given beforehand. It is ‘exogeneous’. However, this is not true in real life. Civil servants can and should acquire and share information on the job. In this way, they develop expertise while doing their job; they ‘*Learn while governing*’. In other words, *information is endogenous* (it is dependent on other factors within the model).

If information can (and has to!) be processed while governing, standard solutions do no longer seem to work. For instance, making it easy to sack civil servants will not really

stimulate them to invest in expertise specifically relevant for the department. Furthermore, when taking into account that civil servants have to learn on the job, limiting their discretion does not seem to be a very good idea. Stripping civil servants from discretion means that they will be less willing to learn as they cannot use their developed expertise in their work. However, providing such discretion is at odds with the standard model logic of bureaucratic accountability, as by providing discretion almost by definition some 'personal' policy preferences will influence the decision of civil servants. Hence, the notion that information is endogenous also forces us to rethink accountability solutions. In sum, Gailmard and Patty add to principal-agent theory by indicating that information is endogenous, not exogenous, and analyzing the consequences this has for the need for expertise development and related accountability solutions.

Gailmard and Patty argue that the insight that information is endogenous helps to understand why certain American executive branch structures have institutionalized in particular ways. For instance, Congress changed the American federal civil service from a job rotation system based on party affiliation (with low job security) to a new system that limits possibilities to fire employees. This new system incentivized civil servants to develop expertise, which in the end is beneficial for public policies. More generally stated, the theoretical insight Gailmard and Patty deliver is valuable when analyzing the development of executive branches. It adds a theoretical lens, which makes us sensitive to viewing the data in another way. Therefore, it helps us to achieve the main goal of qualitative research: "Verstehen" (understanding). The theoretical contribution – adding the notion of endogenous information to principal-agent models - of Gailmard and Patty is backed-up with an innovative design combining formal, theoretical, models with rich, qualitative, historical narratives. In most cases, scholar either rely on formal modeling *or* use qualitative narratives. I have not seen many books which combine these two methods.

The notion of 'endogenous information' is very valuable both theoretically – adding to principal-agent theory – and empirically, by enhancing our understanding of bureaucratic development in the United States. Political scientists and public administration scholars will benefit from the book to increase their understanding of the working of government and the relationships between politicians and civil servants. In order to further fuel the debate, two future research suggestions are made.

First, it could be valuable to connect the work of Gailmard and Patty to public administration literature on policy implementation and street-level bureaucracy. This literature has analyzed the relationship between politicians and civil servants 'from the bottom-up', instead of the more top-down approach Gailmard and Patty use (Hill & Hupe, 2009; Maynard-Moody & Musheno, 2003). Contrary to many political science scholars, these scholars have been quite positive about the value of discretion (Brodin, 1997; Tummers &

Bekkers, 2013). This could lead to a more positive assessment of discretion than Gailmard and Patty proclaim.

The book would also benefit from additional insight into why civil servants acquire information the way they do. Gailmard and Patty argue that civil servants are willing to acquire information when a) they care about the content of policy, b) have the opportunity to influence it and c) have job security. However, there are more reasons for civil servants to acquire information. For instance, the theory of planned behavior argues that peer pressure is important (Fishbein & Ajzen, 2009). Hence, it could be the case that civil servants do not 'care' about the content of the policy at all, but will still acquire information because their colleagues expect them to do it. In these and other ways, the relationship between politicians and civil servants could be further analyzed. Scholars will find the book *Learning while Governing: Expertise and Accountability in the Executive Branch* a valuable resource in this endeavor.

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