Control and Feedback in Economic Regulation: The Case of the NLRB

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This article presents an empirical analysis of the National Labor Relations Board, focusing on the balance the agency strikes between the interests of business and labor. It is oriented by a theoretical framework that, relative to popular models, takes a broader view of the causal structure of regulatory performance—one that simultaneously allows for presidents, congressional committees, the courts, agency staff, constituents, and economic conditions. The empirical results are instructive. All of these factors prove to have significant impacts on NLRB decisions. In addition, the core regulatory actors—Board members, staff, and constituents—are shown to engage in mutually adaptive adjustment: each is responsive to the decisions of each of the others, and their reciprocal relationships impart equilibrating properties to the system as a whole. Thus, the evidence points to a varied set of important determinants and to the dynamic nature of their interconnection. To the extent that these findings are at all characteristic of other regulatory agencies, simple popular models of regulation are likely to give anemic explanations, if not highly distorted accounts, of why agencies behave as they do.

Government regulation has long been viewed as a controversial and important matter, yet it has not been well studied, at least not in a balanced way. The social science of regulation has done an enthusiastic job of investigating the kinds of technical issues in which economists are most interested: rate setting, cost determination, efficiency, optimality. Far less effort, particularly in the form of quantitative analysis, has been devoted to even the most basic issues of politics and organization. What can we expect of the relationship between regulatory agencies and the groups they are supposed to be regulating? To what extent and toward what ends are these agencies controlled by elected politicians? What are the determinants of agency autonomy, and how is it exercised in the making of economic policy? Central as these questions are to our understanding of regulation, we are in no position to offer satisfactory answers. At this point, the necessary empirical foundation simply is not there.

Despite the lack of evidence, or perhaps because of it, theories of regulatory politics abound. The most prominent is the capture theory (Bernstein, 1955; Huntington, 1952; Peltzman, 1976; Stigler, 1971), which, in asserting the responsiveness of bureaucratic agencies to clientele groups, has several variants (see Mitnick, 1980) as well as implicit links to more broadly based theories of administrative behavior—for example, interest group liberalism (Lowi, 1969), cooptation (Selznick, 1949), and corporatism (Schmitter, 1974). But no version of the capture theory is universally accepted, and it is increasingly under attack by those who dispute both the pervasiveness of the capture phenomenon and its proffered explanations. The alternatives are many and varied, with emphases on the increasing pluralism and turbulence of regulatory environments (Sabatier, 1975; Weaver, 1978), the bases of bureaucratic autonomy and discretion (Katzmann, 1980; Niskanen, 1971; Wilson, 1980), and the mechanisms of control available to political institutions—most often to legislative committees (Barke & Riker, 1982; Calvert & Weingast, 1984; McCubbins, 1984; McCubbins & Schwartz, 1984; Weingast, 1984; Weingast & Moran, 1983), sometimes to the executive (Beck, 1982; Chubb, 1983; Moe, 1982) or the courts (Melnick, 1983).1

In addition, a related but distinct body of work has emerged in the last several years, much of it addressing questions of political control, comparative in substantive focus, and founded (often implicitly) on optimal control theory and its associated reaction-function methodology (see Alt &

1See also Kiewiet and McCubbins (1985, In press) on budgeting and Chubb (1984) on federalism for evidence on political control of the bureaucracy in these areas.

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Chrstyal, 1983; Alt & Woolley, 1982). Beyond its more abstract contributions, this work has generated interesting notions of relevance to regulatory behavior—for example, that political parties and incumbent politicians often succeed in controlling economic outcomes to please coalitional supporters (Hibbs, 1977) and tend to produce “political business cycles” in various areas of governmental activity (Nordhaus, 1975; Tufte, 1978). But these notions, too, are matters of dispute.

The political theory of regulation is in an early stage of growth and development. Capture, legislative control, agency autonomy, political business cycles—all are surrounded by controversy and uncertainty, and underpinned by competing methods, approaches, and assumptions. To a large extent the current disarray is what we should expect in view of the vigorous generation of ideas over recent years, and it is hardly lamentable, for it clearly provides exciting opportunities for advancing our knowledge of government regulation. Yet it seems fair to say that important forces for integration and coherence have thus far played a smaller role here than they should have, primarily because so much of the influential work (particularly work by economists) has tended not to build in a systematic way on what we already know about public bureaucracy.

Specifically, it is plain from decades of research on bureaucratic politics that public agencies are anchored in networks of relationships with executives, legislative committees, and constituency groups, and that their behavior is shaped as well by their economic environments, the courts, and a range of internal organizational factors. Although this is no secret, popular models of regulation as well as quantitative empirical work have tended to focus only on very small parts of the whole—in the former case for reasons for clarity and mathematical tractability, and in the latter because of data collection and measurement problems (and because they are often guided by these same models). Given the very real difficulties that comprehensiveness entails, these approaches are entirely reasonable short-term research strategies. But it is important to remember that they threaten to yield biased inferences about the causes of regulatory behavior. They clearly omit factors whose causal effects may overwhelm or distort the “special” relationships on which they singularly focus. Moreover, it is common in a data-poor world for myopic models to take on lives of their own, and thus for capture or congressional dominance or budget-maximization to attract ardent followings for reasons that have little to do with demonstrated empirical validity. Ultimately, there is no substitute for pursuing more comprehensive, better specified theoretical models and empirical tests (Joskow & Noll, 1981).

In this article, I take a step in that direction through an empirical analysis of the National Labor Relations Board, with a substantive focus on the balance the agency strikes between the interests of business and labor in its unfair labor practice decisions. The task is to explain why its decisional balance fluctuates as it does over time. This is approached by means of a theoretical framework that, relative to popular models, takes a broader view of the causal structure of regulatory performance: by incorporating an array of political, economic, and organizational forces on agency behavior, and by recognizing that these forces constitute a hierarchically ordered system of relationships. In this way, it is possible to investigate simultaneously the influence of presidents and congressional committees, the constraining role of the courts, the impact of economic conditions, the internal decisions of agency staff, and the grievance-filing behavior of business and labor—and to do so by taking account of their locations and interdependence within the regulatory system they constitute.

The empirical results are instructive: All of these factors prove to have significant impacts on NLRB performance. In addition, the central regulatory actors—Board members, organizational staff, and constituents—are shown to engage in mutually adaptive adjustment: each is responsive to the decisions of each of the others, and their reciprocal relationships tend to impart equilibrating properties to the system as a whole. Thus, the evidence points to a varied set of important determinants and to the dynamic nature of their interconnection. To the extent that these findings are at all characteristic of other regulatory agencies, myopic models are likely to give blurred explanations, if not highly distorted accounts, of why agencies behave as they do.

My general purpose in all this is to illustrate the value of (relative) comprehensiveness for exploring basic issues in the politics of regulation. But I also have a more specific theoretical axe to grind, one I want to be clear about from the beginning: I think presidents often play major roles in shaping regulatory behavior and that they are systematically ignored by popular models, the capture and congressional dominance models in particular. Although presidents are but one part of the overall causal structure to be investigated here, I will make a special effort along the way to highlight the evidence on presidential impact in order to help remedy what I view as an unwarranted bias in these familiar theories.

Some Background on the NLRB

Public bureaus tend to be shaped by general types of forces. Politicians mandate goals, struc-
ture, and resource levels, and attempt to control agency behavior. Constituency groups generate support, opposition, and workloads. Task-performance is adapted to social and economic conditions. Upper-level decision makers must rely upon lower-level employees, who control crucial information and make important choices for the organization. The list of commonalities could easily go on. Yet the specifics will clearly vary from bureau to bureau as the inevitable variations in history, task, structure, and other factors lend partial distinctiveness to each bureau and its situation.

The NLRB was a quintessential product of the New Deal. It was created by a Democratic president and Congress as an administrative means of stabilizing labor-management relations, and, as such, was part of a much larger attempt to regulate and manage an economy that had gone spiraling out of control. It was also the centerpiece of an explicit effort to enhance the power of labor in the political economy by nurturing the growth of unions. The vehicle was the National Labor Relations Act of 1935, also known as the Wagner Act. This bill set up a three-member Board with responsibilities in two general areas. The first involved supervision and regulation of union “representation elections,” the new procedural means by which workers decided whether they wanted to be represented exclusively by a particular union. The NLRB’s job was to ensure that statutory and administrative rules were followed in representation elections and the campaigns preceding them, to adjudicate disputes about whether these rules had in fact been violated, and to pass judgment on the outcome. The second dimension had to do with unfair labor practices: acts committed by an employer—for example, the dismissal of employees in retaliation for their union activities—that were now declared illegal by Section 8A of the Act. Here, the NLRB’s task was to adjudicate charges brought by unions and workers against employers and to require remedial actions.

In its first decade or so of life, the NLRB was a zealously prolabor agency, staffed at all levels by people philosophically in support of unionism. But all of this changed when the Republicans took control of Congress in 1947. One of their top priorities was to modify the Wagner Act, clean house at the NLRB, and reorient its behavior toward an accommodation of the “legitimate” concerns and interests of business. In effect, these goals were accomplished with the passage of the Taft-Hartley Act that same year. Among other things, this legislation abolished the closed shop, allowed states to pass right-to-work laws, expanded the Board to five members, and made the agency’s General Counsel independent of the Board and a presidential appointee. Most important, given the data base of this analysis, Section 8B defined certain acts by unions as unfair labor practices—for example, secondary boycotts, pressuring employers to fire unfavorited workers. For the first time, then, the NLRB was in the position of having to prosecute and adjudicate charges brought against unions by employers and workers. These changes so conflicted with persuasively held staff views about the NLRB’s pro-union mission that many soon left the agency. The crusade was over.

Subsequent to Taft-Hartley, the NLRB adapted to its new mandate, to the altered expectations of politicians and constituents, and to the more professional and less philosophical outlook of its own personnel by striking a more moderate balance between the interests of labor and business. Since then, no one has seriously claimed that the agency is captured by unions. The political controversy and passionate disputes that surrounded the NLRB in its early years have subsided dramatically, and for the last two decades it has rarely been a salient focus of partisan politics. Indeed, it has come to be regarded by observers on both sides of the political fence as one of the most professional, efficient, and successful of government agencies, processing with fairness and dispatch untold thousands of cases every year.

Still, the central fact of life even for a “professional” NLRB is that it is continually forced to choose between labor and business. And it is in the processing of cases, of course, that the labor-business balance is ultimately determined. What is the nature of this process for unfair labor practice cases? It begins with a charge, filed with a regional office of the NLRB, that a union or employer has committed an unfair labor practice. This charge is then investigated by staff members of the regional office, who recommend a formal complaint upon evidence that the charge is meritorious; where such evidence is lacking, they recommend dismissal. This recommendation is accepted (almost always) or rejected by the regional director, whose decision can in turn be appealed (but rarely with success) to the general counsel in Washington. The general counsel’s decision is final and cannot be appealed to the courts. Few cases go through all these steps. The vast majority are dismissed, voluntarily withdrawn (usually in anticipation of formal dismissal), or—with active encouragement from the NLRB, eager to manage its horrendous caseload

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2This section offers a quick overview of NLRB history and procedures. For a thorough discussion, see McCulloch and Bornstein (1974) and Gross (1981).
—handled through voluntary agreement between the disputants.

The rest, those leading to formal complaints, go into adjudication. With NLRB lawyers representing aggrieved parties (i.e., prosecuting) and defendants hiring their own counsel, cases are heard in trial-like settings before administrative law judges. The losers can (and usually do) appeal to the Board, which, in order to hear so many cases, is broken down into five three-member panels (with each Board member sitting on three panels). Most cases are heard and decided by one of these panels; a much smaller portion is considered by the full Board, often cases considered important or controversial. All decisions can subsequently be appealed to the courts for review, and a large percentage in fact are. Should compliance with the Board’s final orders prove to be a problem, the NLRB must go to court for enforcement.

In sum, the NLRB regulates labor-management relations largely by processing constituent-filed grievances according to set procedures, and it makes decisions subject to constraints by politicians and the courts. Although the details of history, mandate, and organization give the agency its own distinctive qualities, it is in most fundamental respects rather typical. If it departs markedly from the norm, it is in the nature of its constituency, which is emphatically bipolar and highly organized with strong links to parties and politicians. However, once we move from its turbulent early period of zealously prolabor regulation and partisan conflict into the post-Taft-Hartley period of professionalism and moderation, the NLRB loses virtually all of its overt political salience and essentially joins the rank-and-file of federal agencies. Given its constituency characteristics, the modern NLRB may in some respects be more politicized and more closely scrutinized than most agencies, but there is no reason to think the differences are dramatic.

Theoretical Framework

My explanation of NLRB performance is oriented by a framework in which all participants are assumed to be rational and self-interested (with self-interest broadly construed). I prefer to call it a framework rather than a model because I will be making only the most general assumptions about how these actors are motivated and interact with one another. My purpose is to impose a coherent structure on the regulatory context, one that highlights basic relationships and the underlying flow of causality without adopting positions on specific substantive issues that, at this point, are matters of legitimate debate.

This framework is a simple reflection of two general lines of thought about bureaucratic behavior, the Simon-March behavioral tradition of organizational analysis (Cohen, March, & Olsen, 1972; Cyert & March, 1963; March & Simon, 1958; Simon, 1947) and the theory of agency (Jensen & Meckling, 1980; Mitnick, 1980; Moe, 1984; Ross, 1973). As in the behavioral tradition, particularly as it has been applied to bureaucratic politics by Bendor and Moe (1985), emphasis is on bounded rationality, adaptation, and dynamic process. As in the theory of agency, a central focus is on hierarchic control and its grounding in asymmetric information and conflict of interest.

The Endogenous Core

Let’s begin with what can be viewed as the endogenous core of relationships: constituents file charges with the NLRB, staff members process these charges and filter out those judged unmeritorious, and the Board ultimately makes final decisions on charges constituting the filtered case-load. Each step in this three-step process is a potential cause of each of the others.

1) Board members may choose between business and labor based on various criteria, such as personal ideology, legal precedent, the merits of the case, and the preferences of politicians overseeing agency performance. Members can be expected to differ and, at any rate, there is no good evidence of what criteria they actually employ. Nonetheless, the Board is much like a court in the sense that it can only decide the cases that come to it, with the types and average merit of cases making it to the Board level determined by the filing behavior of constituents and the filtering behavior of staff. These prior decisions shape the raw materials the Board has to work with in generating outcomes, and are fundamental causes of what we see as agency performance.

2) Staff members, like Board members, may apply a range of personal, legal, political, and organizational criteria in making decisions about which constituent charges are worthy of formal complaints. Also, like Board members, they are captives of constituent filing behavior, because...
they can only act on the kinds of charges that are actually submitted by labor and business. In addition, however, they are subordinates in a bureaucratic hierarchy: the Board (along with its general counsel) is the principal, staff members are its agents, and an arsenal of organizational control mechanisms—pay, promotion, task-assignment, status—attempt to ensure that staff decisions are roughly consistent with the Board’s own decisions and criteria. Control is problematic for several reasons. First, the staff and the Board doubtless have different interests in some respects—the Board, for instance, may be much more sensitive to politics, the staff more preoccupied with legal precedent and organizational routines—so there is no guarantee the staff will voluntarily behave as requested. Second, the staff can avoid control and pursue its own interests by taking advantage of a fundamental information asymmetry: only staff members are truly informed about the specifics of the vast majority of cases, particularly those that are dismissed, withdrawn, or settled by agreement. Thus, notwithstanding the availability of appeals procedures (yet another control mechanism), there is plenty of opportunity for staff to apply criteria different from those desired by the Board. Third, the Board’s criteria may be only vaguely communicable anyway, with heavy reliance on specific formal decisions (anchored in specific sets of facts) to convey legal direction; if commands are often broad or ambiguous, staff can construe compliance very liberally. For all these reasons, then, the Board’s efforts to control staff filtering behavior are likely to be only partially successful. Even with this proviso, however, one would certainly expect the causal relationship between staff decisions and Board decisions to be reciprocal: staff filtering shapes the raw materials of Board decisions, while Board decisions provide direction for staff filtering.

3) Firms, unions, and workers file charges for various reasons. Most of the time, they probably do so because they sincerely believe they have been the victims of unfair labor practices. They may also file charges for strategic reasons, for example, to hassle, embarrass, or impose costs on an opposing employer or union, especially during a strike or representation election. In either case, they will want to pursue grievances when they expect the benefits to outweigh the costs, and, particularly when the grievance is sincere, a major conditioning factor is the perceived probability of success. This probability is a composite of two separate probabilities: the probability that a charge will make it past the staff filter, and the probability that the filtered charge will subsequently prove successful at the Board level. In their filing decisions, constituents have every incentive to form expectations about these probabilities of success, basing their expectations (wholly or partially) on perceptions of actual staff and Board outcomes. Once again, therefore, the implication is one of reciprocal causality: constituent filing behavior is a basic determinant of staff and Board decision outcomes, but these outcomes have feedback effects that shape subsequent constituent decisions to file charges.

What we have, in other words, is a simple dynamic system in which imperfectly informed participants adapt to one another’s decisions over time, yielding an array of outcomes. The Board makes final decisions for the agency, but can only act on the mix of cases actually filed by constituents that make it past the staff filter. The staff makes organizational filtering decisions, but only on the mix of cases constituents decide to file, and, in determining which charges to filter out, the staff takes its cues from Board decisions and adapts its criteria over time accordingly. Constituents decide whether and what types of cases to file by adjusting for changes in the perceived likelihood of success, and thus by adapting to perceived changes in the direction of Board and staff decisions.

All three outcomes—case filing, case filtering, and final decision—are products of the entire system of relationships. An exogenously caused change in any one component would reverberate throughout the system, causing a whole series of adjustments in all three components as they mutually adapt. Moreover, holding all exogenous effects constant, one would ordinarily expect such a system to attain an equilibrium in which the values of all three central components arrive at roughly stable values—roughly stable because the relationships and the factors underlying them (e.g., perceptions, bureaucratic control mechanisms) are subject to stochastic fluctuation.

Some Implications

I have data that allow for the construction of separate indexes measuring the extent to which labor is favored over business in the final decisions of the Board and the filtering decisions of staff members; each index is a reflection of the percentage of time labor wins at the relevant organizational level. I also have data on the number of cases filed by labor and business, although not on their objective merit. What does the framework outlined here suggest that we...
should expect of these measured aspects of organizational and constituent behavior?

Suppose the system is initially in equilibrium and that it is subsequently disturbed by an exogenous shock—for example, a change in presidential administration from Republican to Democrat—that causes the Board to shift its decisional balance in a prolabor direction. The immediate result is that labor is now more likely to win at the Board level. But this also sets off reactions among constituents and staff members, who adapt—perhaps quickly, perhaps slowly, depending on how short-sighted and poorly informed they are—to the Board’s prolabor move.

 Constituents, or at least some of them, eventually realize that the rules of the game have been altered at the Board level. In particular, labor realizes that certain employer actions that used to be regarded by the NLRB as legal are now sometimes regarded as unfair labor practices, and thus that the probability of winning on such cases has gone from near zero to some healthier figure. Similar prolabor shifts may occur all along the line for various kinds of employer actions, whatever the NLRB’s initial probability of deciding in labor’s favor. The upshot is that labor is now more likely to file charges; its general probability of winning has increased, and there are also new areas of employer conduct that invite a labor response. Following an analogous line of reasoning, we can see that business finds itself in the opposite situation: its probability of winning has declined, certain areas of labor conduct are effectively insulated from attack, and the number of charges business files against labor should accordingly decline.

With some lag, staff members adapt to the Board’s new position by shifting their filtering decisions in a prolabor direction: given an opportunity to screen charges identical to those filed before the shift, they would now be more likely to go along with labor-filed charges and less likely to go along with business-filed charges. But, precisely because of the Board’s prolabor shift, the mix of cases coming into the agency will be systematically different from those filed earlier. How do these two sets of filings compare from the standpoint of the staff’s new criteria? The old filings were initiated in ignorance of the shift. Thus, labor assessed its chances more conservatively and was more selective in its filings than it would have been had it known about the new criteria. The result is a set of cases that, to the staff, appear on the average to be much more meritorious than usual, and this is reflected in a jump in labor’s probability of success. Once labor begins to adjust to the new criteria, however, it moves away from what it now recognizes as undue conservatism and selectivity, filing a larger volume of cases which, as a whole, appear less meritorious to the staff. This is not because these new cases are abnormally low in merit, but because the old cases were abnormally high—a temporary phenomenon, due to the application of new criteria to a mix of cases premised by constituents on the old criteria. Over time (but perhaps very slowly), merit drops from this abnormally high level to some “normal” level consistent with stable staff criteria and stable labor perceptions of those criteria. Analogous reasoning, of course, applies to the filing behavior of business: old cases, based on overly optimistic perceptions of staff criteria, are abnormally low in merit according to the new criteria, and merit begins to rise toward some normal level as business adjusts to the new standards.

A prolabor shift by the Board therefore has both direct and indirect effects on staff filtering behavior. The direct effect is positive: for any given case, the staff is now more likely to side with labor. The indirect effect, mediated by constituent filing behavior, is negative: as the case mix adjusts and merit drops, the staff is less likely to side with labor because it has fewer legitimate opportunities for doing so. If we measure filtering behavior by the relative tendency of labor to win at the staff level, then the most plausible dynamic time path is one with an initial prolabor shift followed by compensating adjustments back toward some normal level.

The Board’s own decisions, which initiated this chain reaction, now become part of it. It achieved its original prolabor shift by applying new criteria to cases filed by constituents and filtered by staff under presumptions that the old criteria still obtained. But as its new criteria are expressed over time in formal decisions (and otherwise), labor becomes less conservative and selective in filing cases and business becomes more so, the staff makes filtering decisions more favorable to labor, and the filtered caseload comes to represent a truer adjustment to the Board’s new criteria. In the process, the average merit of labor-filed relative to business-filed cases, as filtered by the staff, declines from abnormally high levels when the system is temporarily out of synchrony to some normal level consistent with stable perceptions of the new criteria by constituents and staff. If one measures Board behavior in terms of its relative tendency to favor labor in its formal decisions, then one should see an initial prolabor shift followed by a series of “moderating” adjustments. These adjustments do not reflect true moderation, because they occur even though the Board sticks faithfully to the new prolabor criteria. They are simply behavioral adjustments to changes in the case mix. The same is true for “moderating” adjustments at the staff level. For both, therefore, prolabor criteria may sometimes underlie mani-
fest win-rates in formal decisions that do not appear in themselves to be evidence of prolabor behavior.⁶

Exogenous Variables: The Political Authorities

As this example serves to illustrate, even a sustained exogenous shock to one endogenous variable has system-wide impacts that are realized incrementally, with the dynamic time path and new equilibrium (if there is one) generated by a series of reciprocal adjustments. In general, this is the way the regulatory system works: external forces are imposed on one or more of the endogenous components, and the system as a whole adjusts. As a practical matter, of course, this process is not easily observed, because all the endogenous variables are constantly buffeted by diverse exogenous shocks, and the system is always in a state of disequilibrium.⁶ But whether

⁶There is a modelling literature in the "law and economics" realm focusing on the incentives of plaintiffs and defendants to settle and litigate, and on the implications of their decisions for observed judicial outcomes. The logic of this study, linking case mix and decision outcomes, does not derive from any of these models, but has much in common with them. Most relevant here are recent articles by Priest (1977, 1980; Priest & Klein, 1984), who argues, among other things, that a) the mix of cases filed will adjust to new judicial criteria, b) there will be an equilibrium win-rate for plaintiffs that is the same regardless of the prevailing judicial criteria, and c) observed win-rates in judicial decision making therefore will not reflect the influence of ideology, precedent, or other standards that may in fact be at work, and thus are not useful measures for quantitative inquiry into the causes and consequences of such standards. Applying these conclusions to governmental agencies, I agree with the first, tend to agree with the second, and disagree with the third. Justification requires reference to the details of his model and is best left to another article (but see Rizzo, 1980, for a brief, incisive critique). Instead, I will simply report that the NLRB data suggest a link between case mix and decision outcomes, but also that there are systematic influences on outcomes by political and economic forces—factors that should never have shown up if Priest is right about the meaningless of win-rates as outcome measures. These differences aside, the point to stress is that the work of Priest and others investigating the litigation process (e.g., Gould, 1973; Landes, 1971; Landes & Posner, 1979; Posner, 1973) is directly relevant to the study of public bureaucracy, and offers a very promising basis for modelling bureaucratic decision making in a way that recognized the central role of mutually adaptive adjustment.

⁷Together with bounded rationality and lagged adjustment, this is a major reason for expecting win-rate measures to reflect external influences on bureaucratic standards, contra Priest (1977, 1980; Priest & Klein, 1984).

there is one exogenous factor or one hundred, the basic logic of system adjustment is the same.

My focus here is on two sets of exogenous variables, one political and the other economic. Let's take the political variables first. To simplify matters, I will assume that the regulatory context is a two-tiered, strictly hierarchical system: political authorities attempt to control the behavior of their immediate subordinates (the Board), and the Board in turn attempts to control its own organizational subordinates, the staff. I will also assume that the behavior of the political authorities does not directly shape constituent filing behavior. Both are more plausible than the alternatives and, in principle, are testable. Given organizational incentive structures, it seems unlikely that lower-level staff would take their cues directly from politicians, and it seems even more unlikely that constituents would premise filing decisions on the behavior of political authorities when they can directly observe and assess the behavior of the agency itself.

The direct impact of politics, then, is on the Board. Specifically, political forces derive from major governmental institutions—the presidency, the Congress, the courts—that stand in hierarchical relation to the NLRB: in the larger scheme of political authority, they are the principals and the NLRB is their agent. These principals have certain "rights," whether formally granted by law or informally recognized in practice, to bring their higher will to bear on the agency, and they have a number of control mechanisms for attempting to ensure that the agency complies. As befits a separation of powers system, however, the allocation of "rights" across principals is not always very well specified, and the several principals struggle with one another for jurisdiction and influence. Added to this is the ever-present information asymmetry: the NLRB knows far more about the content and direction of its own behavior, from the lowest-level staff investigatory decisions

⁸Obviously, a more complete specification of the system would recognize the likelihood of mutually adaptive adjustment between each political actor and the NLRB, and indeed among the political actors themselves. As a first step, however, it is reasonable to assume that the political authorities are exogenous. This assumption greatly simplifies what is already a complex task, and it should not bias the current estimation. The adaptive adjustments of political authorities to the agency are lagged rather than simultaneous; and, unlike measures of oversight behavior and other control mechanisms, the measures I actually use in this article for the president (simply the identity of the office-holder) and Congress (ADA scores for the relevant members of Congress) are clearly not functions of NLRB behavior anyway.
to formal Board decisions, than these political authorities can hope to ascertain, even should they adopt costly and extensive monitoring methods (which they rarely do). Because the Board has its own interests to pursue, both as an organization (budgets, slack, autonomy) and as a collection of individuals (career, ideology), the authorities can expect partial compliance at best.

Whether a given principal succeeds in influencing NLRB performance is crucially affected by two basic factors: its control mechanisms and its commitment to put them to use. The latter is quite necessary and cannot be taken for granted. With this in mind, let's take a brief look at the different principals.

The president has impressive weapons at his disposal (see Moe, 1982). Most obviously, he makes appointments to the Board and can thereby choose individuals whose policy views are consistent with his own; although he cannot remove them from office (they serve fixed, staggered terms of five years), careful selection minimizes the importance of this restriction, as does the fact that many members leave before their terms expire. As part of the appointment power, he chooses his own chair, who in turn plays a central role in controlling internal agency resources and hiring "appropriate" staff at all levels of the organization. In addition to appointments, the president can rely on the OMB in monitoring the NLRB's performance, shaping its budgets, and screening and modifying its legislative proposals, and he can also rely upon an important intangible resource, presidential leadership: precisely because he occupies the office of president, many executive employees throughout government believe he has a legitimate role to play in directing administrative behavior, and, on many issues, has a right to expect their compliance. The real question of presidential influence is not whether presidents have the means to bring their policy preferences to bear, but whether they (or their administrative arms in the institutionalized presidency) are seriously committed to doing so (see, e.g., Cary, 1967; Noll, 1971). If not, presidents may rationally decide to use appointments for patronage purposes, with no regard for a member's philosophy; they may direct OMB efforts toward politically more profitable ends; and they may fail to act as executive leaders. Although commitment doubtless varies across presidents, and there is little evidence on which to base conclusions at this point, the grounding of labor-business disputes in partisan politics suggests that presidents will often have an incentive to put their control mechanisms to use in influencing NLRB performance.

Congress also has impressive control mechanisms (see McCubbins, 1984; U.S. Senate Com-
mittee of Government Operations, 1977; Weingast, 1984). Along with the president, Congress plays a central role in determining NLRB budgets and legislative authority. It must give its consent to presidential appointments, and, through investigative and oversight powers, it can monitor NLRB performance, make life difficult or easy for bureaucrats, threaten or promote bureaucratic careers, and bring media attention to the agency. Critically located congressmen are also likely to have an incentive to put these powers to use, given the partisan relevance of labor-management relations in every district. Yet these powers are wielded by various committees, subcommittees, and chairs in both Houses. Thus, some congressional actors may be highly interested in influencing the NLRB, whereas others choose to focus their resources elsewhere; some of those interested in influence may be quite conservative, others quite liberal; and, particularly as the cast of characters changes and the commitment of actors in the various institutional bodies ebbs and flows, serious control efforts may shift from one committee to the next and back again over time. Within this complicated context of competing principals, the NLRB is faced with conflicting demands and pressures, but also with opportunities to avoid compliance by shifting responsibility and playing congressional actors off against one another. The empirical evidence on all this is entirely unclear. On the one hand, overt congressional activity is hardly an illustration of raw power at work: legislative hearings on the NLRB are sporadic and usually narrow in scope, appropriations hearings focus almost entirely on workload rather than policy, and most committee members (when they show up) appear totally uninformed and uninterested. On the other hand, it may be that committees only put their control mechanisms to use overtly when the NLRB fails to comply adequately with their wishes, and that compliance is in fact the norm (McCubbins & Schwartz, 1984; Weingast, 1984).

The courts are principals of a different type (Melnick, 1983). When they choose to use it, their power can obviously be quite potent: they are unique among political authorities in having the right to nullify, alter, or embrace NLRB decisions in individual cases, and many cases do ultimately end up in the courts. Moreover, the opportunity to appeal cases to the Supreme Court lends a finality and coherence to the system of courts that Congress' system of committees clearly lacks, making it difficult for the agency to avoid compliance. Yet, unlike presidents and congressional committees, they are entirely reactive, waiting for NLRB decisions to reach them on petitions for enforcement or review. Their flexibility is therefore extremely limited. They have also shown a
respect for the NLRB’s right to interpret its own mandate; the agency has shifted and reshifted its policy positions many times over the years with only infrequent intervention by the courts. Thus, the courts are clearly in an excellent position to shape NLRB performance, but the evidence suggests they have not taken a leading role in imposing direction on the agency.

In sum, all political authorities have formidable bases for influencing the NLRB in desired directions, but compliance is nonetheless problematic, which results partly from institutional conditions that they can do little about: the ambiguity and competitive arrangement of governmental authority, and the NLRB’s crucial informational advantage. But it also results from the fact that control mechanisms must be put to systematic use if they are to be effective, and the motivation of authorities to do so—although clearly present and sometimes strong—is itself problematic and doubtless fluctuates over time.

All things considered, it is reasonable to expect each of the three political authorities to have at least some influence on the NLRB. If we concern ourselves with impacts that are systematic and sustained, then the most plausible and easily tested expectations are those outlined below, which I assume require no elaboration.

1) A change in presidential administration from Republican to Democrat gives rise to a pro-labor shift in NLRB performance, and a change from Democrat to Republican produces a pro-business shift.

2) The more liberal the chairs and members of the congressional committees with jurisdiction over the NLRB, the more pro labor its performance.

3) The greater the tendency of the courts to overturn the NLRB in favor of labor rather than business, the more pro labor the NLRB’s subsequent decisions.

Exogenous Variables: The Economic Environment

This hierarchically ordered regulatory system is embedded in a larger environment, the most relevant components of which are economic. The regulation of labor-management relations is inherently an economic task whose design, operation, and ultimate impact doubtless depend on a range of economic conditions that surround the ways in which unions, employers, and workers get along. Some of these conditions are specific to the context of labor-management relations, for example, the level of strike activity or the level of union membership. Others are general economic conditions—for example, unemployment, inflation, economic growth—that bear upon the relative strengths, economic interests, and opposing demands of labor and business, as well as on the impacts of NLRB decisions. It makes sense to think that the decisions of Board members, staff, and constituents are all sensitive in their own ways to changes in the economic environment.

But exactly how are they sensitive to these variables? This is a troublesome question that does not have an easy answer. Consider the Board, for instance. Its formal decisions clearly have an impact on the economy, and its broad mandate (supported by political pressures) clearly leads it to value stability and harmony in labor-management relations. Like the Federal Reserve Board, it may design its decision outputs in order to bring about desired economic outcomes, basing its design on an underlying model of the economy and an understanding of the impacts of its own decisions on central economic variables (Alt & Woolley, 1982; Beck, 1984). Thus, exogenous changes in economic variables—which may imply, for example, greater labor-management dispute—would call for an adaptive reaction by the NLRB. This is certainly possible. It is also possible that the agency reacts in a more political or ideological way to economic changes: it may, for example, be more sympathetic to labor during times of high unemployment. But all of this is speculation.

The same applies at the staff level. It seems reasonable to suggest that staff members do not take it upon themselves to bring their decisions into alignment with some model of the economy, and that they simply defer to the Board in this respect. Yet, they may clearly use their discretion in reacting to economic changes as they see fit—again, they may be more sympathetic to labor when unemployment is high, or they may react to high levels of strike activity or inflation in the same (or opposite) way. This sensitivity is all the more likely, in fact, given that staff members operate at the boundary of the organization, in close contact with constituents and their economic situations. Precisely what to expect, however, is unclear.

Of the three components in the endogenous core, constituents are the most directly affected by economic conditions. Strikes and representation election campaigns, for example, are obviously favorable conditions for the occurrence of unfair labor practice violations and should prompt both labor and business to file more grievances with the agency. The same may be true for a variety of other conditions—for example, unemployment and inflation—depending on their respective impacts on labor-management relations. In this article, however, my focus is on the relative filing behavior of labor and business, because this is most relevant to the decisional balance struck by the staff and the Board. Thus,
In this section, I present an empirical analysis that assesses the strength and direction of these relationships and the structure of the system as a whole. Before moving to the multivariate models necessary to do so, however, I want to set the stage by introducing some very simple figures on the historical performance of the Board and its members. These figures offer an opportunity to discuss some interesting developments that have occurred over the time period, and, not coincidentally, to highlight the evidence for presidential control.

**A Preface: Appointment Power and Presidential Control**

The data on Board decisions (Table 1) are taken from a comprehensive coding of all (more than 12,000) NLRB formal decisions, 1948-1979, as reported in the *Labor Relations Reference Manual*. Each case involves one or more issues in which the Board is asked to decide whether the respondent is guilty or innocent of an unfair labor practice. The Board outcome is the percentage of times the majority voted guilty; the vote score for an individual member is the percentage of times he or she voted guilty. For Section 8A cases, which involve charges against employers, vote scores (labeled $VA$) are in effect prolabor indexes; the higher the score, the more frequently the Board (or individual) sides with labor. For Section 8B cases, which involve charges against unions, vote scores ($VB$) are probusiness indexes. A useful summary measure of the decisional balance between labor and business is the modified ratio, $VA/(VA+VB)$, a prolabor measure that is bounded by zero and one.*

*Two points about this measure. First, a plausible alternative is the logarithm of the ratio $VA/VB$, because it also serves to mitigate the upward unboundedness problem of the simple ratio by depressing larger values. I have tried this dependent variable in the regressions to follow, and it yields results identical in all essential respects to those presented here. Second, my vote index weights all votes equally. An alternative would be to weight full Board decisions more heavily than panel decisions, in recognition that the former are often more important in terms of policy and legal precedent. Although this makes some sense, I think the unweighted index is preferable for several reasons. First, I am directly concerned with explaining who wins and who loses at the Board level, and the unweighted index is a direct measure of that. Second, the logic of the endogenous core applies to gross agency intake and output, not to a select subset, and is best tested with an unweighted measure. Third, any new principles and precedents established in full Board decisions should almost immediately shape panel decisions as well, because the same people are responsible for both. Fourth, a quanti-

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**Data Analysis**

In broad outline, then, I am proposing the causal structure of NLRB performance described in Figure 1. At its heart are the three endogenous variables—Board outcomes, staff filtering decisions, and constituent filing decisions—whose relationships with one another are reciprocal but (owing to their temporal ordering) not simultaneous. This endogenous core of relationships is embedded in the larger political and economic systems, which generate a variety of exogenous influences on the central decision components. Both within the endogenous core and between it and the external environment, important relationships are structured by a two-tiered hierarchy: politicians have authority to control the Board, and the Board has authority to control its own staff. Thus, the regulatory system is driven by exogenous shocks, mutually adaptive adjustment, and control.
Table 1 presents vote scores for all Board members, 1948-1979. Because various unmeasured forces are causing votes to fluctuate over time, it is dangerous to make intertemporal comparisons; comparisons within years are much more meaningful. With this caveat, let's take a look at those years most relevant to an evaluation of the presidential control hypothesis.9

We can begin with 1953, the year in which, for the first time in its history, the NLRB found itself "part" of a Republican administration. The crucial issue is: Did Eisenhower act like a partisan politician committed to shifting NLRB performance in a probusiness direction, and did his appointees behave in large degree as his agents of change? The answer on both counts appears to be positive. Eisenhower made his first two appointments in 1953, replacing two Truman appointees with Farmer (his chair) and Rogers, both of whom were far more conservative than any members of the Truman Board. Through 1957, in fact, when the last Truman holdover finally left the Board, all Eisenhower appointees consistently voted more conservatively than the remaining Truman appointees.

Two additional points are worth noting. First, it appears Eisenhower came in with guns blazing: his initial three appointees seem to be the most conservative of the bunch (Kimball, perhaps, excepted). Second, the appointment of Fanning stands out from all the others, because he is clearly a liberal—and because he was to stay on the Board for more than 20 years, longer than any other member in its history. This may have been a colossal mistake of Earl Warren proportions by a president who failed to recognize a liberal-in-the-making. It may also have been part of a second-term strategy of moderation or coalition-building—perhaps reflecting accommodation to a more liberal (and Democratically controlled) Congress, particularly the Senate Labor Committee, which must consent to all appointments.10 Whatever the case, its legacy for the NLRB was doubtless more and different from what Eisenhower had bargained for.

In 1961, Kennedy came into office and appointed McCulloch (his chair) and Brown, who immediately established themselves as liberals and, with Fanning already on the Board, found themselves effectively in the majority. The sequence of events is again just what we would expect from a partisan change of presidential administration: the new Democratic president made liberal appointments, and the new members set about moving the Board in a prolabor direction. Upon succeeding Kennedy, Johnson made no fundamental changes; he replaced the very conservative Rodgers with the moderate Zagoria, but otherwise left the Kennedy Board intact.

Nixon did not make a quick move to transform the Board, but when he did move, he took clear steps to turn the agency in a probusiness direction; beginning with the appointment of Miller (his chair) in 1970, he appointed three conservatives in succession. All that remained for a complete transformation was the removal of Fanning and Jenkins when their terms expired. Yet Nixon chose to reappoint both of them, thereby departing from the Eisenhower-Kennedy-Johnson tradition of systematically weeding out the ideologically unacceptable holdovers from the previous administration. This change in appointing behavior did not coincide with a liberal shift in the Senate Labor Committee. Why, then, did Nixon fail to follow the transformation through? Fanning happened to be up for reappointment in 1972, an election year in which Nixon was making a special attempt to attract labor support; certain unions made it clear they wanted Fanning reappointed, and it was done.11 As for Jenkins, an obvious possibility is that, as a black Republican, he was politically very difficult for Nixon to remove. Both cases suggest the importance of coalitional concerns. Whatever Nixon's true
Table 1. Vote Scores: Tendency to Favor Labor over Business*  

|     | 48  | 49  | 50  | 51  | 52  | 53  | 54  | 55  | 56  | 57  | 58  | 59  | 60  | 61  | 62  | 63  | 64  | 65  | 66  | 67  | 68  | 69  | 70  | 71  | 72  | 73  | 74  | 75  | 76  | 77  | 78  | 79  |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Herzog | 539 | 552 | 530 | 459 | 492 | 471 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Houston | 578 | 614 | 587 | 476 | 525 | 487 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Murdock | 485 | 571 | 545 | 489 | 565 | 518 | 510 | 530 | 653 | 570 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Reynolds | 457 | 502 | 522 | 445 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Gray | 449 | 459 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Styles | 593 | 486 | 507 | 513 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Peterson | 552 | 465 | 461 | 479 | 646 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Farmer | 284 | 417 | 441 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Rodgers | 282 | 392 | 429 | 459 | 446 | 471 | 445 | 435 | 432 | 391 | 429 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Beeson | 408 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Leedom | 461 | 491 | 488 | 483 | 466 | 482 | 508 | 445 | 452 | 451 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Bean | 504 | 476 | 479 | 479 | 529 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| J. Jenkins | 483 | 484 | 461 | 495 | 449 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fanning | 516 | 512 | 529 | 572 | 553 | 522 | 550 | 502 | 493 | 496 | 460 | 517 | 555 | 570 | 517 | 574 | 598 | 658 | 626 | 608 | 580 | 582 |  |  |  |  |  |
| Kimball | 435 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| McCulloch | 621 | 554 | 496 | 563 | 466 | 475 | 457 | 431 | 503 | 496 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Brown | 601 | 580 | 548 | 581 | 518 | 529 | 499 | 511 | 549 | 619 | 635 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| H. Jenkins | 531 | 477 | 511 | 478 | 506 | 511 | 534 | 510 | 513 | 536 | 528 | 567 | 515 | 546 | 540 | 546 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Zagoria | 502 | 471 | 492 | 482 | 495 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Miller | 454 | 471 | 438 | 458 | 502 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Kennedy | 389 | 398 | 427 | 355 | 379 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Penello | 453 | 484 | 456 | 540 | 523 | 490 | 497 | 482 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Murphy | 575 | 546 | 576 | 561 | 523 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Walther | 428 | 525 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Truesdale | 566 | 519 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

*aScore = 1000. \( V_A/(V_A + V_B) \), where \( V_A \) is the percentage of votes against business in 8A cases and \( V_B \) is the percentage of votes against unions in 8B cases.
motivation, he passed up his chance to transform the Board.

The Ford presidency produced another problematic appointment. Miller left the Board and, rather than appointing a conservative, Ford replaced him with the moderate to liberal Murphy. With the Senate Labor Committee's ideology remaining fairly constant from the early Nixon years, the most likely explanation is again coalitional. Murphy was the first woman ever appointed to the Board in its long history, and her philosophy may have been of less concern than the gains from political symbolism and coalition making. Ford "made up" for this liberal move by reappointing Penello and by appointing the moderate-to-conservative Walther, but the latter was little consolation, because Walther replaced the most conservative member on the Board, Kennedy. Thus, while the Board remained split, Ford succeeded only in nudging it in a prolabor direction.

When Carter came into office, therefore, he was not faced with a Board controlled by ideological partisans of the other side. However, he clearly did take steps to consolidate liberal power. Fanning, up for reappointment in 1977, was re-appointed and made chairman; Truesdale (a moderate to liberal like Murphy) was appointed to replace Walther; and the Carter Board quickly took on a more prolabor look.

In short, the voting data suggest that presidents involved in a partisan change of administration generally behaved as the presidential control hypothesis says they should. They used their appointment power to weed out unacceptable holdovers and to bring right-thinking individuals to the Board, and to a large extent, it appears, these individuals did effectively act as presidential agents. The few exceptions all occurred during years when a Republican president faced a Democratically controlled Congress, and may well reflect presidential concern for electoral and legislative coalition building.

Presidents, however, are just one type of force on the agency, and their success in shifting aggregate performance can only be demonstrated by estimating their causal roles within the larger system of relationships. Whether the president's appointment power—as augmented by the OMB, leadership, and other presidential resources—is of significant consequence in explaining the fluctuation of NLRB behavior over time, then, remains to be seen.

**Board Decisions**

As Figure 2 describes, the Board's decisional balance has fluctuated quite a bit over time, but there is no long-term trend in either direction; in fact, its historical mean is exactly .5, indicating that, on average, it is equally likely to find employers and unions guilty as charged. This in itself is quite interesting, because it suggests that there may indeed be equilibrating mechanisms within the endogenous core that, subsequent to exogenous shocks, propel the central variables back toward "normal" levels. And for Board decisions, even if the criteria underlying them are decidedly prolabor or probusiness, the most obvious candidate for the equilibrium level is

**Figure 2. Labor-Business Balance in Board Decisions**

- Score = \( VA/(VA + VB) \), where \( VA \) is the percentage of votes against employers in 8A cases and \( VB \) is the percentage of votes against labor in 8B cases.
exact equality. Moreover, if we look at the most easily identified exogenous shocks, partisan changes in presidential administration, we see just what we would expect. Agency performance shifts in the predicted direction—probusiness for Eisenhower and (with a lag) Nixon, prolabor for Kennedy and Carter—and each set of initial shifts is followed by equilibrating movement back toward the mean. A superficial look at the series, in fact, would imply that there is no sustained presidential impact at all.

Questions about equilibration and presidential control, as well as about the specific roles of all the remaining political, economic, and endogenous factors, require estimation of the full causal structure. I will begin by taking Board decisions as the variable to be explained, with independent variables operationalized as follows.

1) Presidential administrations are represented by dummies, which are 0 before the president assumes office and makes his first appointment to the Board, and 1 thereafter. Each presidential coefficient, then, represents a shift in the labor-business balance that the incoming president inherits from his predecessor. 12

2) Congress is represented summarily by an ideology index, bounded by 0 and 1, which is a weighted average of the ADA scores of the chairs and members of the relevant oversight committees in the House and Senate. A positive change in the index is prolabor. 13

An alternative would be to ignore the first appointment and allow each dummy to take effect after the president in question has been in office for a quarter or two. This recognizes that budgetary powers, leadership, and other control mechanisms may operate with some effect before the first appointment. Given when the first appointment has historically been made in each administration, however, this approach only requires significantly different measures for Johnson and Nixon. Estimation then yields results only slightly different from those in Table 2; the overall goodness of fit is not quite as high, and Nixon's coefficient and t-score are somewhat smaller. Thus, the choice of measure is not crucial here in shaping outcomes. I am opting for the appointments-oriented measure because, based on existing accounts of NLRB politics and history, I think it makes the most sense. The estimation seems to bear this out.

The committees are the House and Senate Appropriations Subcommittees on Labor and the House and Senate Labor Committees. Mean ADA scores are constructed for each of these bodies and each chair, and, in the weighted average, the chairs are counted three times more heavily than the committees. This is arbitrary, but at least gets at the importance of committee chairs. All ADA scores were coded from ADA World, 1948-1979, correcting for abstentions. I should add that the degree to which ADA scores can provide reliable measures of ideology over time is open to question, given changes in

3) The courts are represented by an index that compares the extent to which the NLRB is overturned in labor's favor with the extent to which it is overturned in favor of business. A positive change in the index is prolabor. 14

4) The filtered caseload is a modified ratio of labor-filed (FL) to business-filed (FB) cases that successfully make it past the staff filter: $FL/(FL + FB)$. This variable is an interactive reflection of both constituent filing decisions and staff filtering decisions, and is a measure of the raw materials that the Board has to work with. As the filtered caseload ratio increases, the labor-to-business case mix increases—and, for reasons discussed at length earlier, this should be associated with declines in the Board's prolabor index. 15

5) The economic variables are commonly defined. Unemployment is the rate for urban workers. Inflation is the rate of change in the consumer price index. Economic growth is the rate of change in the industrial production index. Strike activity is an additive index of two (standardized) measures: the number of workers on strike and the number of work stoppages. Union member-
ship is the percentage of nonagricultural workers belonging to unions.\textsuperscript{14}

With quarterly data, it makes sense to impose lags of one period on most variables in order to allow the Board time to perceive their values and adapt to them. The filtered caseload incorporates a three-period lag, however, because the Board typically decides cases about nine months after they pass the formal complaint stage. And the presidential terms are not lagged at all, in recognition of the voting data's indication that presidential appointees make their presence felt immediately.

Regression results are set out under the Basic Model columns of Table 2.\textsuperscript{17} The estimates provide strong support for the general linkages posited in the theoretical framework: the political authorities, economic conditions, and the filtered caseload all have statistically significant impacts on formal Board decisions. Moreover, they explain about half of the total variance—a healthy proportion, given that the series has no trend or autocorrelation and that the model is not "helped" by including lagged Board decisions on the right-hand side.

\textsuperscript{14}Union membership is taken from the Handbook of Labor Statistics (Bureau of Labor Statistics), the industrial production index from Business Conditions Digest (Bureau of Economic Analysis), and the rest from the Monthly Labor Review (Bureau of Labor Statistics).

\textsuperscript{17}All estimation has been carried out using PEC. Tables 2 and 3 are derived using its ordinary least squares procedure, OLS. As the Durbin-Watson statistic reported in Table 2 suggests, the Durbin-Watson statistic is not a problem. Although the dependent variable is bounded and therefore "limited," I have chosen to use standard regression rather than limited-dependent-variable techniques (such as logit) for several reasons. 1) The indexes I use here and in subsequent sections do not come sufficiently close to the bounds to cause problems. For values in the mid-range, the usual regression assumptions should tend to be approximated. Tests on residuals from Tables 2, 4, and 5 indicate that they are not heteroscedastic. 2) Use of regression rather than, for example, logit affords more flexibility in dealing with problems of autocorrelation and instrumental variables (see subsequent analysis). 3) Although the ratio indexes are bounded, their statistical properties are not the same as dichotomous variables or simple proportions, and one could not rely without appropriate adjustments (whatever that might entail) on the familiar limited-dependent-variable statistical packages for analysis.

### Table 2. Board Decisions: Tendency to Favor Labor over Business\textsuperscript{a}

<table>
<thead>
<tr>
<th>Variable</th>
<th>Basic Model</th>
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<th></th>
<th></th>
<th>Electoral Model</th>
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<td>(t)-score</td>
<td>Beta\textsuperscript{b}</td>
<td>Coefficient</td>
<td>(t)-score</td>
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<td>-1.64</td>
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<td>.019</td>
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<td>.012*</td>
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<td>Inflation, (t)-1</td>
<td>-1.480*</td>
<td>-2.57</td>
<td>-.264</td>
<td>-1.630*</td>
<td>-2.80</td>
<td>-.294</td>
<td></td>
</tr>
<tr>
<td>Strike, (t)-1</td>
<td>.005</td>
<td>1.22</td>
<td>.095</td>
<td>.003</td>
<td>.76</td>
<td>.059</td>
<td></td>
</tr>
<tr>
<td>Filtered caseload</td>
<td>-.150*</td>
<td>-2.06</td>
<td>-.242</td>
<td>-.152*</td>
<td>-2.07</td>
<td>-.245</td>
<td></td>
</tr>
<tr>
<td>Election—Democratic</td>
<td>.034*</td>
<td>2.07</td>
<td>.674</td>
<td>.017</td>
<td>-1.14</td>
<td>-.330</td>
<td></td>
</tr>
<tr>
<td>Election—Republican</td>
<td>.000</td>
<td>1.13</td>
<td>.506</td>
<td>.000</td>
<td>1.05</td>
<td>.513</td>
<td></td>
</tr>
</tbody>
</table>

\(\textsuperscript{a}p < .05, \text{two-tail test.}\)

\(\textsuperscript{b}\text{Measured as }VA/(VA + VB), \text{where }VA \text{ is the percentage of votes against business in }8A \text{ cases and }VB \text{ is the percentage of votes against labor in }8B \text{ cases. Increase is Prolabor.}\)

\(\text{What I call betas here are derived from a regression in which all nondummy variables are standardized. }T\text{-scores are unchanged.}\)
Partisan changes in presidential administration had the expected impact: probusiness shifts for Eisenhower and Nixon, prolabor shifts for Kennedy and Carter. Not surprisingly, Nixon's impact is the smallest of the four. The coefficients of Johnson and Ford, who were not involved in partisan changes of administration, are insignificant but still suggestive. Very probably, a good part of the Johnson prolabor shift belongs to Kennedy, and the Ford shift is actually prolabor, arguably a consequence of his appointment of Murphy as chair.

Congress and the courts also have the expected impacts on the Board: the more prolabor the signals emanating from these political authorities, the more prolabor is the Board's decisional balance. Thus, we have been able to estimate the impacts of each of the three governmental institutions while controlling for the other two, and each accounts for a significant portion of the variance, which adds substantially to our confidence in assessing political control.

As for economic conditions, the impacts of three were strong enough to suggest that they should be kept in the model: unemployment, inflation, and strike activity. Board decisions are more prolabor the higher unemployment and strike activity and the lower inflation (although strike activity is statistically insignificant). Again, the specific mechanism underlying these effects is not known. It could have to do with an implicit model of the economy on the basis of which the NLRB adapts its decisions to engineer desired consequences. It is interesting, however, that unemployment and inflation loom above all else, and that their effects are opposite one another. In the broader political economy literature, these two economic conditions are consistently at the center of theoretical discussion about the causes and consequences of governmental performance, and it is clear that they have special anchorings in partisan politics: unemployment is particularly salient to labor and the Democrats, inflation to business and the Republicans (Alt & Chrysal, 1983; Hibbs, 1977). Thus, putting aside interaction effects between economic variables and partisanship (see below), it is possible that the Board simply accommodates pressures from both by being somewhat more sympathetic to labor in adapting to unemployment and more sympathetic to business in adapting to inflation. This would be a safe political strategy, but it is just a guess.

It is important that the filtered caseload variable has the expected negative impact, another indication that the system does indeed contain internal equilibrating mechanisms. Here we see that, as the case mix making it past the staff is increasingly weighted toward cases filed by labor—and thus, given our earlier reasoning, as the average merit of labor-filed cases declines relative to that of business—the Board's own decisions tend to shift in a probusiness direction, which establishes the first link in the equilibrating chain reaction.

The Basic Model is most useful in what it has to say about the theoretical relevance of each of these political, economic, and organizational variables. It might also be used to draw inferences about the relative importance of their impacts, but this requires that we ask much more of our estimates than simply their direction and significance levels, and we must be guarded in doing so. Multicollinearity and measurement error, in particular, can easily distort interpretations of relative impact. Further, in the current model there is an additional obstacle to overcome: the usual standardization technique (using beta-weights) does not allow a meaningful direct comparison of presidential to nonpresidential effects.

All things considered, it is prudent to rest content with only the most general inferences about relative impact. We can begin by putting presidents aside for the moment, standardizing all remaining variables, and restricting attention to the latter. The results, incorporated in Table 2, suggest that the most powerful impacts within this set are associated with unemployment and Congress, for which standard deviation changes produce shifts of .307 and .337 standard deviations, respectively, in the NLRB index.

There are various ways to try to incorporate presidents into the comparison, but two seem especially useful here. First, we can simply look at each variable's incremental contribution to the model's explanatory power (the adjusted $R^2$), where the baseline model includes all variables but the one to be added, and where the presidential dummies are treated as a unit. The results are pre-

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4Multicollinearity, which makes a disentangling of partial effects difficult, doubtless influences the estimation here. If we regress each independent variable against the others in the model, the resulting $R^2$'s (in parentheses) are as follows: Eisenhower (.95), Kennedy (.77), Johnson (.82), Nixon (.76), Ford (.72), Carter (.56), Congress (.65), courts (.47), unemployment (.67), inflation (.60), strikes (.30), filtered caseload (.70). The multiple correlations, of course, are much higher. Despite the high variances and covariances this tends to induce among the estimates, most coefficients are statistically significant from zero—but a thorough analysis would show, as well, that most of the betas in Table 2 are not significantly different from one another, and this undermines any effort to rank them in a simple manner. Measurement error is also a problem of potential consequence, particularly for the political and organizational variables. It can attenuate some estimates of impact and inflate others, thus confounding attempts to rank variables in importance.
have consistently played a predominant role in shaping the directions of agency behavior. 

As a final step in this section's analysis, the Basic Model can be supplemented to address the literature's political business cycle hypotheses, which asserts a relationship between elections, political pressures, and bureaucratic outcomes. The election variables are dummies, taking on the value 1 during the second and third quarters of presidential election years and 0 otherwise. The results are presented under the Electoral Model of Table 2. The Democratic coefficient is statistically significant and, although the Republican coefficient is not, neither is it so far from significant that it can be dismissed out of hand. Their directions are consistent with what most of us might expect (most of the time—Nixon's reappointment of Fanning notwithstanding): during Democratic presidential administrations, the NLRB's temporary electoral shift is in a prolabor direction, during Republican years it is in a probusiness direction. If one compares them to the presiden-
tial effects, moreover, their magnitudes are surprisingly large—which, if true, may reflect a temporary surge in presidential commitment before elections. These results seem to supply additional evidence, then, of the NLRB's responsiveness to political institutions, and particularly to presidents. But the Republican effect is questionable, and one must be careful in drawing firm conclusions.20

Both models presented in Table 2 are quite basic, with none of the fancier elaborations that might theoretically be justified. I explored a large number of these alternative specifications, most prominently those involving distributed lags on various righthand-side variables and those including interactions between economic conditions, 

19Note that these comparisons are anchored in how much each independent variable did in fact change. Had Congress experienced changes in partisan control throughout the period, as the presidency did, its impact might have been much greater (and would have been, if the same coefficient applied). Thus, although it may be quite true that presidents have been "more important" than Congress in explaining NLRB behavior, the reverse might have proved the case with greater changes in the partisanship of congressional committees and their chairs.

20Further analyses (allowing, among other things, for interactions with congressional ideology) show that off-
year elections have no impact whatever on NLRB behavior. To the degree it exists, the electoral effect is limited to presidential election years.

Table 3. Comparison of Presidential to Nonpresidential Impacts

<table>
<thead>
<tr>
<th>Maximum Induced Shift in NLRB Index by Administration</th>
<th>Presidents</th>
<th>Congress</th>
<th>Courts</th>
<th>Unemployment (log)</th>
<th>Inflation</th>
<th>Strikes</th>
<th>Filtered caseload</th>
<th>Overall ( \Delta R^2 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eisenhower</td>
<td>-.074</td>
<td>.061</td>
<td>.046</td>
<td>.064</td>
<td>-.021</td>
<td>.017</td>
<td>-.050</td>
<td>.14</td>
</tr>
<tr>
<td>Kennedy</td>
<td>.041</td>
<td>.032</td>
<td>.022</td>
<td>.019</td>
<td>-.008</td>
<td>.009</td>
<td>-.014</td>
<td>.03</td>
</tr>
<tr>
<td>Johnson</td>
<td>.020</td>
<td>.025</td>
<td>.11</td>
<td>.023</td>
<td>-.019</td>
<td>.013</td>
<td>-.017</td>
<td>.02</td>
</tr>
<tr>
<td>Nixon</td>
<td>-.028</td>
<td>.009</td>
<td>.21</td>
<td>.015</td>
<td>-.037</td>
<td>.012</td>
<td>-.012</td>
<td>.04</td>
</tr>
<tr>
<td>Nixon</td>
<td>.018</td>
<td>.006</td>
<td>.013</td>
<td>.019</td>
<td>-.035</td>
<td>.010</td>
<td>-.013</td>
<td>.03</td>
</tr>
<tr>
<td>Ford</td>
<td>.053</td>
<td>.009</td>
<td>.013</td>
<td>.012</td>
<td>-.026</td>
<td>.012</td>
<td>-.00</td>
<td>.02</td>
</tr>
<tr>
<td>Carter</td>
<td>.14</td>
<td>.03</td>
<td>.02</td>
<td>.04</td>
<td>.03</td>
<td>.00</td>
<td>.02</td>
<td>.02</td>
</tr>
</tbody>
</table>

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presidents, and Congress. The former recognizes that the Board’s memory may assign nonzero weights to variable values beyond lag one (or that some changes, once started, take time to be realized); the latter recognizes that the impact of economic conditions on the Board may depend on the signals it is getting from the president and Congress, that the impact of Congress may depend on who is president, and that the impact of presidents may depend on how liberal the relevant members of Congress are—particularly those on the Senate Labor Committee, given their formal role in the appointments process. None of these models proved successful, perhaps because of technical problems entailed in their estimation (multicollinearity, especially), but more likely because the underlying hypotheses are just incorrect. At any rate, the simple models in Table 2 are the culmination of an extensive process of model construction and estimation in which many possible specifications were entertained. It so happens that the best models turned out to be the most straightforward.

Staff Filtering Decisions

The analysis of staff filtering decisions is complicated somewhat by two considerations. One is that many cases are voluntarily withdrawn before the staff can formally decide to filter them out, ordinarily because constituents anticipate dismissal. Thus, the best measure of staff behavior is not the percentage of cases formally dismissed, but rather the percentage either dismissed or withdrawn, because this is a direct measure of the effective degree of screening. The second consideration represents a greater difficulty: these data are only available in annual form, which still allows for econometric tests, of course, but reduces modelling flexibility and statistical degrees of freedom.2

Staff decisions are scored by a prolabor ratio, \( \frac{BFAIL}{BFAIL + AFAIL} \), where \( BFAIL \) is the proportion of employer-filed 8B cases dismissed or withdrawn and \( AFAIL \) is the proportion of labor-filed 8A cases dismissed or withdrawn. As with the Board, it is of some interest that this measure fluctuates without trend over time around a mean of .49—a decisional balance of almost exact equality, which speaks, once again, to the likelihood that there are equilibrating mechanisms at work.

The basic results, presented in Table 4, in fact offer strong empirical support for this second link in the process of mutually adaptive adjustment: staff filtering decisions adapt in the expected direction to both constituent filing decisions and the Board’s formal decisions. Moreover, this model explains virtually all of the variance in staff filtering (although the autocorrelation correction helps out).

The link to constituency is straightforward: the greater the relative tendency of labor to file cases, the less prolabor are the staff’s filtering decisions.

21The analysis of Table 4 uses PEC’s autocorrelation procedure (AUTEST) and the Fair (1970) method for incorporating instrumental variables. Given annual data, the Unfiltered Caseload and Board Decisions components are best viewed as current endogenous despite the six-month lag; and these, along with the lagged endogenous component present in Filtered Caseload, counsel use of instrumental variables. Instruments are exogenous variables in the larger theoretical model and, as required by Fair and the PEC routine, lagged values of all endogenous variables.

<table>
<thead>
<tr>
<th>Variables(^b)</th>
<th>Coefficient</th>
<th>(t)-score</th>
<th>Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>.429*</td>
<td>9.18</td>
<td></td>
</tr>
<tr>
<td>Unemployment (log)</td>
<td>.023*</td>
<td>2.72</td>
<td>.233</td>
</tr>
<tr>
<td>Inflation</td>
<td>.203*</td>
<td>2.50</td>
<td>.251</td>
</tr>
<tr>
<td>Unfiltered caseload</td>
<td>-.215*</td>
<td>-2.63</td>
<td>-.358</td>
</tr>
<tr>
<td>Board decisions (\times) filtered caseload</td>
<td>.498*</td>
<td>6.44</td>
<td>.949</td>
</tr>
<tr>
<td>(R^2)</td>
<td>.95</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(\bar{R}^2)</td>
<td>.95</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(\rho)</td>
<td>-.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(N)</td>
<td>30</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^*p < .05, two-tail test.\)

\(^a\)Measured as \(\frac{BFAIL}{BFAIL + LFAIL}\), where \(BFAIL\) is the percentage of cases filed by business against labor that are dismissed or withdrawn and \(LFAIL\) is the percentage of cases filed by labor against business that are dismissed or withdrawn. Increase is prolabor.

\(^b\)This is an instrumental variables regression with unfiltered caseload and board decisions \(\times\) filtered caseload treated as endogenous. All righthand-side variables are measured so as to reflect a six-month lag.
—a reflection, again, of the underlying merit factor. The link to the Board is less direct, because the staff cannot simply take its cues from labor's relative win-rate in formal Board decisions. This vote score for the Board is not, after all, a simple mirror of the Board's criteria, but rather a complex reflection that is adulterated by the filtered case mix on which the Board was constrained to decide. For example, a Board score of .55 is in fact "more" prolabor in what it signals about the Board's underlying criteria if it derives from a case mix with a high rather than low portion of labor-filed cases. Holding the Board's score constant, then, the staff will (in effect—we need not assume they actually make such calculation) count it as increasingly prolabor the higher the proportion of labor-filed cases in the filtered case mix. With a constant case mix, on the other hand, changes in the score are directly meaningful, and increases in the score itself are counted as prolabor. It follows that a proper test for the impact of Board decisions on staff decisions requires an interaction term, and it is this term that the model shows to be highly significant.

Of the economic conditions, only unemployment and inflation have impacts on staff filtering decisions. At the Board level these variables work in opposite directions, with unemployment favoring labor and inflation favoring business, but here they both have prolabor impacts. This is an interesting result that may reflect the underlying role of partisanship. As I have shown, the Board is politicized, and its opposing responses to unemployment and inflation seem to make sense in light of their anchorings in partisan politics. On the other hand, the staff is arguably nonpolitical to a great degree, and thus, although it is constrained to follow Board precedent in its filtering decisions, its perspective on the relevance of economic conditions may be quite different; among other things, it may see both unemployment and inflation as particularly burdensome to workers and behave more leniently in response. Once again, this is only a conjecture. But it is intriguing that Board and staff responses are different—and, more generally, it is of real interest that unemployment and inflation keep popping up, in this study and in many others, as significant influences on governmental performance.

Standardizing all variables, one can get some idea of their relative impact on staff outcomes. The resulting coefficients testify (with the usual caveats) to the overwhelming importance of hierarchical control within the organization: Board decisions are far-and-away the most important behavioral determinant, to the point that a one-standard-deviation shift by the Board produces a very close to a one-standard-deviation shift on the part of the staff. Next in importance is the unfiltered caseload, followed by unemployment and inflation, which are of roughly equal weight. The picture then, is one of a staff whose behavior is structured almost entirely by hierarchical control and the mix of cases coming into the agency, and, by comparison, is only weakly open to external economic influences.22

Constituency Filing Decisions

The unfiltered case mix generated by labor and business is measured as a modified ratio, \( \text{ECHT}/(\text{ECHT} + \text{UCHT}) \), where \( \text{ECHT} \) is the number of cases filed by labor against employers and \( \text{UCHT} \) is the number filed by employers and workers against unions. If the endogenous core is in fact a system of mutually adaptive relationships, and if the system as a whole does indeed have homeostatic properties in adjusting to exogenous shocks, then we should find that the case mix adapts to decisions at both the staff and Board levels.23

For reasons just outlined, however, it is not quite true to say that constituents should adapt to the actual decisions of staff and Board, because these decisions are constrained by the prior case mixes on which they were based. What labor win-rates at these levels "really mean" for the constituent's probability of success is better reflected by interaction terms that adjust win-rates for case mix. The approach here, therefore, is the same as in the filtering model.

22I also explored the hypothesis that staff members are sensitive to an array of political influences, but this proved resistant to test. Because the more parsimonious model of Table 4 already explains virtually all the variance, and because (especially with annual data) there are causal relationships among the endogenous and exogenous right-hand-side variables, estimation of the larger model led to very odd results and suggested only that a true separation of effects is impossible with these data. Although regrettable, this should not be regarded as very troubling. The model in Table 4 is the most plausible theoretical specification, and it works beautifully.

23A focus on the case mix follows from a general concern for the NLRB's decisional balance and from use throughout of ratio measures which combine 8A and 8B cases. It would be possible to disaggregate the analysis at all levels and model both types separately, but, for conceptual and methodological reasons I will not go into, this is more complicated and less appropriate for shedding light on the basic issues at hand, especially as a first step. Disaggregation is on my agenda of future work. As part of this, I intend to explore models of the separate filing behaviors of employers, unions, and individuals. Some work along these lines has recently been carried out by Roomkin (1981). Although important differences in our approaches make it difficult to put his various findings to any real use here, my disaggregation will address them explicitly.
It is also worth noting that labor and business are not simply interested in past staff and Board criteria, but rather in what values these criteria will assume later on, when their cases reach the appropriate organizational level. Thus, we should think of them as rational actors faced with the problem of forming expectations about the future, and we should construct our model accordingly. This complicates matters a great deal, however, for there are many ways to go about modeling expectations, and it is not at all clear which is appropriate in any given situation, much less in general (see, e.g., Abrams, Froyen, & Waud, 1980; Hibbs, 1976). I might reasonably hypothesize that they have "adaptive" expectations, that they extrapolate based on past values of the variable in question, or that they have "rational" expectations based on some political-economic causal model. All of these are perhaps worth exploring, but they are best left to another forum where they can receive the detailed development they require. For present purposes, I will simply note the theoretical role of expectations and model them in the most straightforward (and most commonly employed) way, by assuming expectations are based on the most recently available value of the variable in question.

The empirical results are presented in Table 5, which provides firm support for the hypothesis of mutually adaptive adjustment. Constituent filtering decisions are strongly related to both staff filtering decisions and to the Board's formal outcomes. More specifically, the relative proportion of labor-filed cases goes up as Board and staff decisions, adjusted for their case mixes, reflect the application of increasingly prolabor criteria. Thus, the final link in the endogenous chain reaction now falls neatly into place.

These results also have something to say about the effects of economic conditions on the relative filing behavior of labor and business. Once again, unemployment and inflation stand out: the relative proportion of labor-filed cases is negatively related to unemployment and positively related to the inflation rate. The former may well be a reflection of findings in the literature that unions are less aggressive when unemployment is high (Hibbs, 1976), whereas the latter might result from a more aggressive pursuit of benefits and grievances when workers are burdened by inflation. Whatever the explanations—and they are, in the end, unclear—unemployment and inflation appear to be the central economic determinants of NLRB performance, shaping all three components of the endogenous core.

Another economic factor of relevance to constituency filing behavior is union membership, measured as a proportion of the nonagricultural workforce. Not surprisingly, union membership is

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*Table 5. Filing Behavior: Relative Tendency for Labor to File Charges*

<table>
<thead>
<tr>
<th>Variables</th>
<th>Coefficient</th>
<th>t-score</th>
<th>Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>.167*</td>
<td>4.78</td>
<td></td>
</tr>
<tr>
<td>Unemployment, t-1 (log)</td>
<td>-.017*</td>
<td>-2.47</td>
<td>-.118</td>
</tr>
<tr>
<td>Inflation, t-1</td>
<td>.506</td>
<td>1.78</td>
<td>.097</td>
</tr>
<tr>
<td>Proportion unionized, t-1</td>
<td>.701*</td>
<td>8.51</td>
<td>.492</td>
</tr>
<tr>
<td>Staff filtering X unfiltered caseload, t-1</td>
<td>.692*</td>
<td>8.33</td>
<td>.485</td>
</tr>
<tr>
<td>Board decisions X filtered caseload, t-1</td>
<td>.308*</td>
<td>6.22</td>
<td>.362</td>
</tr>
</tbody>
</table>

\[ R^2 = .83, \quad R^2 = .82, \quad \rho_1 = .24, \quad \rho_2 = -.36, \quad N = 122 \]

*Measured as \( ECHT/\left( ECHT + UCUT \right) \), where \( ECHT \) is the total charges against employers and \( UCUT \) is the total charges against unions.

This is an instrumental variables regression, in recognition of the lagged endogenous components in board decisions X filtered caseload and staff filtering X unfiltered caseload.

---

24 The analysis of Table 5 uses PEC's \textit{AUTOEST} procedure and the Wallis (1967) method of instrumental variables, in recognition of the lagged endogenous components in both interaction terms. Instruments are exogenous variables in the larger theoretical model.

25 It is interesting, moreover, that both the constituency and staff models contain negative serial correlation. This, too, may well be a reflection of (uncaptured components of) mutually adaptive adjustment, because this is the general sort of error structure such adjustment implies.
positively related to the relative tendency of labor to file cases—which has meant, historically, that a rather continuous dropoff in the unionized proportion of the workforce has been associated with a corresponding decline in the relative frequency of case-filing by labor. Although there is every reason to expect a causal relationship here, the membership variable also serves as a trend factor of sorts whose explanatory role in the equation results from their mutual long-term declines rather than the influence of short-term membership fluctuations.

Putting this trend factor aside, it is clear from the standardized regression that the relative filing behavior of labor and business is much more strongly influenced by their relative probabilities of success at both the Board and staff levels than by economic conditions. This does not mean that unemployment and inflation, and indeed a whole range of other economic factors, have no influence on the separate filing decisions of labor and business. They may in fact be of major importance in explaining why each sector files cases with the agency. Yet, if they have much the same effects on both labor and business, as seems rather likely, they can tell us little or nothing about fluctuations in relative filing behavior. What the figures do tell us is that, of the economic conditions considered here, unemployment and inflation alone are able to discriminate between labor and business—but even these influences are far less potent at doing so than the relative probabilities of success.24

Conclusion

These empirical results tell us something about the performance of an important regulatory agency. The NLRB is responsive to all the major governmental institutions: the presidency, the Congress, the courts. It adapts to economic conditions, particularly the rates of unemployment and inflation. And formal outcomes are embedded in an endogenous core of relationships among key regulatory actors, whose mutually adaptive behavior lends a distinctive logic and dynamic process to this system of economic regulation.

It may be that the NLRB is a little unusual, because its bipolar constituency effectively rules out capture and provides fertile ground for politicization, but it would be a mistake to dismiss it as a special case, or even to put much emphasis on its departure from the norm. The NLRB is hardly at the center of political controversy and has not been since the early 1950s. Very few politicians pay any attention to the agency, and, when they do, they tend to be obsessed with its workload rather than its policies.27 Aside from presidential appointments and court decisions, which are factors for any agency, there are rarely overt attempts to exert policy influence.

Moreover, the general literature on bureaucracy has long emphasized that public agencies are shaped by a variety of political, economic, and organizational factors, and that they are anchored in complex systems of relationships (see, e.g., Simon, Smithsburg, & Thompson, 1950). The classic notion of the “iron triangle” is just one familiar by-product of this general perspective on bureaucracy, but it illustrates the point well: the behavior of a typical agency within the triangle is influenced by politicians and constituency groups as well as the agency’s internal characteristics, and bureaucratic outcomes are generated by the whole set of relationships based on mutual benefit. From the standpoint of several decades of work on public bureaucracy, our findings on the NLRB are clearly not surprising. On the contrary, they simply confirm what students of public administration have long been saying about the determinants of bureaucratic behavior.

What is surprising is that formal analyses, while signalling an exciting new period in the study of bureaucracy, have learned so little from the literature of which they are a part. Formal models tend to be dyadic, focusing on a bureau’s relationships with its constituency or Congress and ignoring the internal organization altogether. They also tend to be static, with no real consideration of dynamic processes and their importance. Quantitative empirical work is rare and tends to reflect these simple theoretical formulations. To some extent, of course, these approaches are justifiable responses to complexity. But there is too often a tendency in formal work to view simplification and rigor as justification in themselves for the kinds of models produced. Models asserted to be pathbreaking on analytical criteria may in fact be dangerously misleading and ultimately of little help in advancing our knowledge.

My view is that we should try to put simplicity and rigor to use in moving toward a more comprehensive understanding of public bureaucracy. This approach calls for a recognition that formal modelling is part of a much larger body of litera-

24I also carried out tests to determine if constituent filing behavior is a function of political variables. The model in Table 5 was augmented with presidential, congressional, and courts variables, but the results were uniformly miserable and clearly inferior to the original.

27During the 1984 election year, the NLRB attracted a bit of controversy as unions complained of its Reagan-induced conservatism and the Teamsters attempted (via a political deal with the administration) to have the Board’s chairman removed. Even this modest level of public attention and controversy is exceptional.
ture with a great deal to say about the nature and determinants of bureaucratic behavior. Modelling efforts are most likely to contribute to our knowledge when they appreciate and build upon the mass of work that has gone before—work of all types, not just other formal models.

Through an analysis of the NLRB, I have tried to move in this direction by striking a compromise between comprehensiveness and dyadic simplicity, constructing a framework that mirrors the literature's emphasis on the variety of causal factors and their systemic interconnection while imposing a simple, coherent structure. Two theoretical approaches supplied orientation, the Simon-March behavioral tradition and the newly emerging theory of agency, the former providing a suitable perspective on adaptive decision making and dynamic process and the latter encouraging recognition of hierarchical relationships and the underpinnings of control. Applied to the specific context of labor-management regulation, this framework allowed for a theoretical and empirical analysis that covered much of the same terrain so central to the broader research on bureaucracy, but with the advantage of clear logical linkages among the components and quantitative tests of validity.

The results, I hope, have helped demonstrate the promise of moving in this direction and the real need for thinking more broadly about agency behavior. Presidents cannot be ignored simply because they are difficult to incorporate in rational choice models. The partial impacts of the various political institutions and economic conditions cannot be estimated in isolation from one another. And the mutually adaptive adjustment at the heart of the regulatory system cannot be understood by assuming relationships are static and nonreciprocal. Although the framework I have used for integrating these components is not formalized, it obviously could be—and, more generally, the Simon-March and principal-agent approaches are both eminently well suited to the formal analysis of bureaucratic politics. Whatever the specific path chosen, progress awaits special efforts to impose conceptual order on the substantive complexity we ultimately want to explain, not assume away.

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