

Trump's rebranded Schedule F is an effort to strip government workers who have any involvement in policymaking of their civil service statute in the name of efficiency. Many people doubt that efficiency is the real motive, but even if it is, Schedule F could easily make the government less efficiency rather than more. It may seem obvious that people will work harder and more intently - and therefore more efficiently - if they face the risk of losing their jobs. That may be true, but it's only part of the analysis. As economists are aware, there are also downsides to at-will employment that can undermine efficiency. Here are some of the possibilities.

First, at-will employment will only promote efficiency and effectiveness to the extent that those form the basis of a supervisor's decisions. Schedule F applies to people involved in policymaking, where performance appraisals may be quite subjective. Even if the supervisor is supposed to make decisions "on the merits," there's plenty of room for discretion. Discretion could be influenced by other factors - interpersonal relationships, prejudices, personal ideology, and other factors irrelevant to job performance. To the extent that happens, employees may be motivated to divert effort from their jobs to cultivating their supervisors ("managing upwards"). That can undermine efficiency.

Second, job security is a valuable part of the employee's overall compensation package. If the government eliminates job security, it will need to raise pay significantly to attract equally capable workers. There's no prospect of such a pay raise, so the result of Schedule F will be a deterioration in the quality of government workers. That's no good for efficiency. Less capable, less experienced employees won't do their jobs as well, or even as quickly.

Third, job security gives employees a reason to invest in developing skills and knowledge that are specific to their jobs - for instance, figuring out how to navigate an agency's bureaucracy to get things done. If you're not sure how long you'll be around, there's less reason to do that. Relatedly, job security makes it safe for more senior workers to train more junior ones. Without job security, there's the risk that training a younger worker just makes the older, more experienced worker dispensable. This is another way that efficiency can suffer.

There's also the impact of an abrupt, radical change in job conditions. Even employees who are not directly affected will see their jobs as less secure. That can have all the effects on them that impact the workers directly covered by Schedule F, though probably less severely. It will be harder for the government to hire good people without raising salaries, they will invest less in their jobs, and they'll be reluctant to train others who might displace them.

Economists have been thinking a long time about why employers sometimes grant job security and often adopt seniority systems. It seems likely that, all else aside, Schedule F will degrade the general quality of government workers through these various channels. It's not at all clear that the efficiency benefits of threatening people with firing are enough to outweigh having a less capable and less experienced workforce.