

THE LONDON SCHOOL OF ECONOMICS  
AND POLITICAL SCIENCE

When the Victor Cannot Claim the Spoils:  
**Institutional Incentives for  
Professionalizing Patronage States**

**J.W. Christian Schuster**

A thesis submitted to the Department of Government of the London  
School of Economics and Political Science (LSE) for the degree of  
Doctor of Philosophy, London, January 2015

## **Declaration**

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## Abstract

In most of the world's states, bureaucrats are managed based on patronage: political discretion determines recruitment and careers. Corruption, poverty and lower growth often result. Unsurprisingly, patronage reform has taken centre stage in foreign aid. Yet, reforms overwhelmingly fail. Bad government is often good politics. When does good government become good politics in patronage states?

To address this conundrum, this dissertation develops and tests a theory of reform of patronage states. The theory builds on a simple insight. Not all patronage states are the same: bad government takes different forms in different countries. Patronage states differ in particular in the institutional locus of control over patronage. Variably, sway over patronage benefits is allocated to the executive, other government branches or public servants. These institutional differences shape the electoral usefulness of patronage states to incumbent Presidents and Prime Ministers. Where institutions deprive incumbents and their allies of patronage control, incumbents face greater incentives to draw on their legal powers to professionalize.

The theory is empirically validated through a comparison of reforms in Paraguay and the Dominican Republic, which draws on 130 high-level interviews. Evidence from patronage reforms in the U.S. and U.K., and from cross-country expert survey data on government structures underscores the theory's external validity.

The theory's implication is clear: the origins of professional bureaucracies may lie in the institutional design of patronage states. This finding challenges scholarly convictions about the ephemeral nature of institutions in patronage states: strong formal institutions may exist in weak institutional contexts. Moreover, formal institutions may be causes – rather than only consequences – of the demise of patronage, clientelism and bad government. As a corollary, this dissertation adds a fresh argument to the age-old debate about the merits of power centralization and fragmentation: good government may arise from fragmented control over bad government.

## Acknowledgements

Writing this dissertation on the covert phenomena of patronage and its reform turned out to be both enjoyable and possible. I have a great many individuals and organizations to thank for this. The list which follows will by necessity – my sincere apologies for this – remain terribly incomplete. My foremost gratitude goes to my supervisors Edward Page and Francisco Panizza for graciously helping me avoid the numerous pitfalls of planning and completing a doctoral dissertation. Ed and Francisco, if I should ever have the privilege of supervising a doctoral student myself, you gave me giant shoes to fill. Thanks is also due to the 130 high-level policymakers, bureaucrats and actors outside the state who took over 160 hours of their time to discuss patronage and its reform in Paraguay and the Dominican Republic. Without their openness and insights, there would have been no dissertation. Many of them embody their countries' hope for professionalization: they are the great exceptions to the primacy of party and personal relations over professional excellence in the public sector. I hope this dissertation and its policy outputs provide a small contribution to help them in their fight for professionalizing their patronage states.

Contact to interview respondents was facilitated, in Paraguay, by the *Centro de Análisis y Difusión de la Economía Paraguaya* (CADEP) and, in the Dominican Republic, by the *Facultad Latinoamericana de Ciencias Sociales* (FLACSO). I am most grateful to the two institutions – and, in particular, Fernando Masi (CADEP) and Cesar Cuello and Manuel Mejía (FLACSO) – for generously hosting my field research; and to Andrew Nickson, Andrew Schrank, Leiv Marsteintredet and Diego Sanchez-Ancochea for their guidance on and facilitation of the two host institutions. Particular thanks is also due, in Paraguay, to current and former Ministers of Civil Service Humberto Peralta and José Tomás Sánchez for taking over 10 hours of their time to clarify every painstaking detail of Paraguay's civil service reform process; and, in the Dominican Republic, to Ana Belén Benito Sánchez for her wonderful introductions into local politics and life.

In Washington DC, the Inter-American Development (IDB) Visiting Research Scholarship offered a terrific environment for receiving expert feedback on the research, while translating some of its findings into policy impact publications. I would like to extend particular thanks to Mariano Lafuente for his strong support for the Scholarship and for many subsequent opportunities for collaborations. Special thanks is also due to Carlos Santiso, Carlos Scartascini and Ernesto Stein for their terrific advice on the

research and for making the Scholarship possible; and to fellow Scholar Sebastian Saiegh for his most insightful feedback on recurrent drafts.

The initial motivation for researching patronage and its reform came from my own work as a World Bank Economist seeking to implement governance reforms in Guatemala – an archetypical patronage state. At the World Bank, I have Ana Abreu to thank for her encouragement to pursue this PhD as well as Gary Reid and Phil Keefer for crucial advice on the project. Further back the causal chain in my M.A. studies, thanks is also due to Francis Fukuyama. His passion for governance in development did much to put it square and centre in my own professional and academic interests.

More obviously, LSE's Government Department was instrumental in the completion of this dissertation. Only thanks to support from an LSE PhD Scholarship did I enrol in the PhD in the first place. The LSE as well as the Gilchrist Educational Fund also generously funded my field research in Paraguay and the Dominican Republic. Beyond financial assistance, the LSE's Government Department provided a terrific epistemic community on state reforms in developing countries. Among its faculty, Steffen Hertog has been incredibly generous in providing recurring advice on drafts and presentations, as did Michael Wahman. Moreover, fellow PhD students Mauricio Dussauge Laguna, Martin Williams and Fabrizio Scrollini helped with insightful advice on many occasions. Beyond the LSE, I owe particular thanks to Petr Kopecký at Leiden University for taking the time to share and explain in detail his expert interview-based method for measuring patronage; to Jan-Hinrik Meyer-Sahling at Nottingham University for providing guidance on my research on multiple occasions; and to participants for their feedback on presentations at an ECPR Research Session (2014), UK PSA Conference (2014), U.S. SPSA Conference (2014), IDB Research Symposium (2014) and Uruguayan Political Science Congress (2012).

Lastly, and on a personal note, I would like to thank my fiancée. She is concluding her PhD at the LSE as I write these lines. Thanks to her, the journey towards a dissertation was never a solitary and always a joyful one.

J.W. Christian Schuster  
*London, January 2015*

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## List of Acronyms

ADP	<i>Asociación Dominicana de Profesores</i> (Dominican Association of Teachers)
ANDE	<i>Administración Nacional de Electricidad</i> (National Administration of Electricity)
ANR	<i>Asociación Nacional Republicana – Partido Colorado</i> (Colorado Party)
CEPAL	<i>Comisión Económica para América Latina y el Caribe</i> (Economic Commission for Latin America and the Caribbean)
CLAD	<i>Centro Latinoamericano de Administración para el Desarrollo</i> (Latin American Center for Development Administration)
DGII	<i>Dirección General de Impuestos Internos</i> (General Directorate for Internal Taxation)
DPI	Database of Political Institutions
DR	Dominican Republic
FH	Freedom House
GNI	Gross National Income
HDI	Human Development Index
HR	Human Resource
IDB	Inter-American Development Bank
ILO	International Labour Organisation
IPAC	<i>Iniciativa Participativa Anti Corrupción</i> (Participatory Anti-Corruption Initiative)
IPS	<i>Instituto de Previsión Social</i> (Social Provision Institute)
IMF	International Monetary Fund
MAP	<i>Ministerio de Administración Pública</i> (Ministry of Public Administration)
MPs	Members of Parliament
MPT	<i>Movimiento Popular Tekojoja</i> (Tekojoja People's Movement)
NGO	Non-Governmental Organization
NPM	New Public Management
OECD	Organisation for Economic Co-operation and Development
OLS	Ordinary Least Squares
ONAP	<i>Oficina Nacional de Administración y Personal</i> (National Office of Administration and Personnel)
PLD	<i>Partido de la Liberación Dominicana</i> (Party of the Dominican Liberation)
PR	Proportional Representation
PRD	<i>Partido Revolucionario Dominicano</i> (Revolutionary Dominican Party)
PRLA	<i>Partido Liberal Radical Auténtico</i> (Liberal Radical Authentic Party)

PRSC	<i>Partido Reformista Social Cristiano</i> (Reformist Social Christian Party)
QoG	Quality of Government
RCI	Rational Choice Institutionalism
SASP	<i>Sistema de Administración de Servidores Públicos</i> (System for the Administration of Public Servants)
SENASA	<i>Seguro Nacional de Salud</i> (National Health Insurance)
SFP	<i>Secretaría de la Función Pública</i> (Secretary of Public Service)
SICCA	<i>Sistema Integrado de Control de la Carrera Administrativa</i> (Integrated System for the Control of the Administrative Career)
SINAPA	<i>Sistema Nacional de la Profesión Administrativa</i> (National System of the Administrative Profession)
TSJE	<i>Tribunal Superior de Justicia Electoral</i> (Superior Tribunal of Electoral Justice)
UNACE	<i>Unión Nacional de Ciudadanos Éticos</i> (National Union of Ethical Citizens)
UNDP	United Nations Development Programme
USAID	U.S. Agency for International Development

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## **Part One.**

Theoretical, Methodological and  
Analytical Considerations

*“The decisive reason for the advance of bureaucratic organization has always been its purely technical superiority.”*  
Max Weber, *Economy and Society* (1978, p. 973)

*“What are we here for if not for the offices?”*  
Webster O’Flanagan, Delegate at the 1880 U.S. Republican National Convention

# 1

## Introduction

The study of good governance has taken centre stage in scholarly works. In developing countries in particular, “the good governance agenda has to a large extent replaced what was known as the ‘Washington Consensus’.” (Holmberg & Rothstein, 2012, p. 14) While it is conceptually contested, governance – and a panoply of neighbouring concepts such as quality of government and state capacity – may be understood as the “government’s ability to make and enforce rules, and to deliver services.” (Fukuyama, 2013, p. 350) It has become a central development paradigm. The rationale is simple. Development “necessarily centres around the process by which political institutions emerge, evolve and ... decay.” (Acemoglu & Robinson, 2012; Fukuyama, 2014, p. 7)

Central within the good governance agenda is the professionalization of patronage states (Dahlström, Lapuente, & Teorell, 2012; Weber, 1978). In patronage states, political and personal criteria largely determine bureaucratic recruitment and careers. Professional bureaucracies<sup>1</sup>, by contrast, emphasize merit: the most qualified candidates for recruitment and promotion are sought. Giving pride of place to bureaucratic professionalization in good governance is motivated by its development impact. It is empirically associated with crucial economic, social and political benefits, including: economic growth in general and the growth spurt of the East Asian miracle economies in particular (Evans, 1998; Evans & Rauch, 1999); lower poverty and child

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<sup>1</sup> Following Fukuyama’s (2013, p. 347) equation of states with the “functioning of executive branches and their bureaucracies,” I use the terms ‘state’ and ‘bureaucracy’ interchangeably in this dissertation.

mortality (Cingolani, Thomsson, & de Crombrugghe, 2013; Henderson, Hulme, Jalilian, & Philips, 2003); reduced corruption (Dahlstroem, Lapuente, & Teorell, 2011); more foreign investment (Neshkova & Kostadinova, 2012); democratic stability and the absence of civil wars (Cornell & Lapuente, 2014; Lapuente & Rothstein, 2013); a more level playing field in electoral contests (Greene, 2007); and greater legitimacy for democracy at-large, to name a few (Dahlberg & Holmberg, 2013).

These effects may not surprise. When professional competence is deprioritized in bureaucratic recruitment and careers, bureaucratic performance inevitably suffers. At the extreme, competency shortcomings in patronage states are such that bureaucracies fail to provide even the most basic public services (Fukuyama, 2007). Moreover, in patronage states, bureaucrats owe their recruitment and careers to patron-politicians; their loyalty thus tends to rest with them. Bureaucratic professionalization, by contrast, shifts the loyalty of bureaucrats towards the state. Impartial performance in office – rather than performance for patrons – becomes the yardstick for recruitment and advancement (Rothstein & Teorell, 2008; Weber, 1978).

In democracies – on which I will focus in this dissertation – bureaucratic professionalization is, consequently, central to the decline of clientelism. As the antithesis of bureaucratic impartiality, clientelism personalizes public administration: state benefits – such as public sector jobs and social assistance transfers – are targeted to voters in exchange for their electoral support. “Perverse accountability” ensues: parties hold citizens accountable for their votes – rather than citizens parties for their performance in office (Stokes, 2005, p. 315). The democratic spirit thus becomes “drenched in ... patronage;” bloated “runaway states” channel resources towards electoral reward networks or outright corruption rather than socio-economic development priorities (Diamond, 2007, p. 119; O'Dwyer, 2006); electoral playing fields are tilted towards elites controlling clientelist resources; civil society atomizes; and citizens become disillusioned with democracy as a political system, associating state failure with democratic failure (Kitschelt & Wilkinson, 2007b). Why bureaucratic professionalization is found to exert such positive effects on development is thus easy to see: many development failures are by-products of its absence.

Yet, for many developing countries, the construction of professional bureaucracies has been as relevant for their development as it has been historically elusive. According to expert survey data, political criteria trump merit criteria in the recruitment of personnel in the majority of the world's states (Dahlberg, Dahlström, Sundin, & Teorell, 2013; see chapter 8). For countries outside the OECD, this share reaches 64 percent. Patronage rather than professionalization is thus the rule of the game in most of the world's bureaucracies – and, in developing countries, the exceptions to this rule are few and far between.

Patronage persistence is not for a lack of professionalization attempts. Paralleling scholarly works, development practitioners have put good governance in general – and bureaucratic professionalization in particular – square and centre. The World Bank (2008), for instance, lent US\$422m per year for civil service and administrative reform between 2000 and 2006. Yet, this lending had no measurable impact. Other aid organizations report similar failures (see, for instance, DFID, 2006). In Africa, reform attempts were even associated with deteriorations in administrative capacity (Andrews, 2013). The prime obstacles to change were found to lie in patronage systems. As a corollary, they were political rather than technical in nature (World Bank, 2008).

Professional bureaucracies may thus well offer the “technical superiority” Weber (1978, p. 973) attributes to them. This technical superiority does not, however, implicate inevitable progress towards professionalization. Instead of technical superiority, political superiority determines the fate of patronage and professionalization. The political superiority of professionalization is thereby anything but a foregone conclusion. Voters and campaign workers frequently demand bad government, signalling to parties that they are “here for ... the offices” – as the Delegate at the 1880 U.S. Republican National Convention in the epigraph did. For this and other reasons which I detail in chapter 2, the political superiority of patronage is often over-determined. Against this backdrop, scholars agree that bureaucratic professionalization is central to development; that it is a rare occurrence; and that political rather than technical factors are to blame. The precise set of political factors

which bring about these rare occurrences of bureaucratic professionalization are thus the key conundrum to be explained.

Yet, these factors are precisely the ones which are contested in the literature. As Kurtz (2013, p. 5) puts it, “it has been impossible to approach a consensus as to the factors that produce or make possible a successful state-building effort.” More narrow accounts of the replacement of patronage with professional states mirror this dissent (cf. chapter 2). As a result, the transition from patronage to professional states remains “most poorly understood.” (Fukuyama, 2014, p. 26) In this dissertation, I improve this understanding through important theoretical, conceptual and empirical innovations.

### **Theoretical, Conceptual and Empirical Contributions**

At the core of the dissertation stands the development and empirical validation of a theory of reform of patronage states. I will term it the “patronage control theory.” The theory nuances the scholarly understanding of institutions in patronage states, adds a powerful and hitherto omitted explanatory factor to studies of patronage reform and resolves contradictory findings about the causal role of key variables in the literature. The theory is based on a simple recognition: not all patronage states are the same. As much as “good government means different things in different countries” (Andrews, 2010, p. 7), so does bad government mean different things in different countries. Patronage states differ in their institutional design, and these differences shape the electoral utility of patronage states to incumbents.

Theory development narrows in on one hitherto overlooked set of institutions in particular: those allocating patronage control. Such institutions may deprive incumbent Presidents or Prime Ministers of patronage control in two ways. Institutions may shift control over patronage to other government branches – and, as a result, to electoral challengers when these control non-executive branches. To illustrate, parliaments in presidential systems may control the creation of individual public sector positions and high-level appointments. Institutions may also shift the private goods benefits of patronage states towards public employees – without

obligating them to provide reciprocal political support to incumbents. Lifelong tenure protections for patronage appointees are the prime example. Cross-country survey data suggests that patronage states differ widely in these two sets of institutions (see chapter 8). They deprive incumbents of patronage access, yet do not professionalize the bureaucracy. As a result, they reduce the electoral utility incumbents derive from patronage states – and enhance their incentives to advance professionalization.

Three mechanisms are theorized to be at play. When institutions deprive incumbents of patronage control, they face incentives to professionalize to cut off patronage access of electoral challenges; elicit cooperation from tenured appointees of preceding incumbents; and shift electoral competition towards public goods provision in the context of an inability to compete based on patronage alone. As incumbents are (usually) legally empowered to impose conditions of personnel selection, they are *able* to professionalize at least part of the state when facing *incentives* to do so.

Empirical evidence strongly supports the theory. In a comparison of reforms in two archetypical patronage states – Paraguay and the Dominican Republic (DR) – institutions allocating patronage control were decisive determinants of diverging professionalization outcomes. Drawing on over 130 high-level interviews, the case comparison is an important empirical addition to the literature in its own right: research on patronage reforms in the developing world remains scarce. To illustrate, the World Bank, as the major financier of such reform projects, has “rarely ever analyzed the political considerations that make civil service reform so difficult” (World Bank, 2008, p. 54); and, more generally, “explicit political … perspectives on public sector reform challenges [in developing countries] are still rare.” (Bunse & Fritz, 2012, p. 6)

Beyond Paraguay and the DR, I show that the patronage control theory sheds new light on two of the most paradigmatic cases of patronage reform in the literature: the United States and the United Kingdom. In addition, large-n cross-country expert survey data supports tentatively that bureaucracies are, *ceteris paribus*, more meritocratic where institutions shift patronage control away from incumbents.

Next to adding a potent explanatory factor to the literature – institutions allocating patronage control – the theory clarifies the causal role of other

key variables. Electoral competition is a case in point. Scholars are split in regards to whether it incentivizes or thwarts professionalization (compare, for instance, Geddes, 1991; Grzymala-Busse, 2007; Lapuente & Nistotskaya, 2009). Its interaction with the patronage control theory may resolve part of this dissent. Where institutions deprive incumbents of patronage control, we may expect electoral competition to incentivize reform. Yet, where incumbents monopolize patronage control, electoral competition thwarts reform: incumbents face incentives to turn disproportionate patronage access into electoral advantage.

The patronage control theory addresses the front end of the *unilinear* view of patronage and its reform in the literature: all patronage states are the same. The tail end of this view – all patronage reforms are the same – has, as I shall demonstrate, further added to contradictory findings. The political incentives for distinct Weberian reforms – such as the introduction of tenure protections from dismissal (*tenure*) and meritocratic recruitment and promotion (*merit*) – differ. Tenure for patronage appointees after electoral losses and meritocratic recruitment of personnel for critical service delivery positions, for instance, are motivated by very distinct concerns. It is, hence, unsurprising that studies conflating distinct Weberian reforms into a ‘Weberianness’ variable produce contradictory evidence about the determinants of patronage reform.

At the same time, *professionalizing* patronage states requires merit only. Statistical studies associate only merit – rather than tenure – with enhanced public goods provision. The patronage control theory takes this into account: it solely explains merit reforms. It thereby focuses on reform in practice. As I will show, outlawing the spoils is an illusion: merit laws are neither necessary nor sufficient for merit in practice. The panoply of large-n studies operationalizing patronage reform with the adoption of civil service laws thus suffers from serious validity limitations.

To account for reform in practice, the patronage control theory sheds light on incumbent *incentives*. Most prior studies – most prominently Geddes’ (1996) “politician’s dilemma” – have focused on incumbent *ability* to reform. Both are needed. Yet, as I demonstrate, incumbents facing *incentives* to reform tend to be *able* to do so

– even if only incrementally. Contrary to prior convictions, this suggests that *incentives* rather than *ability* to reform is the key *explanandum*.

Beyond disentangling merit and tenure, the dissertation sheds new light on the determinants of tenure in patronage states – a largely overlooked topic of study. Existing studies had focused on incumbent incentives to *introduce* tenure. An empirical implication of the patronage control theory may account for incumbent incentives to *resist* tenure: it jeopardizes incumbent patronage control and electoral mobilization capacity. In conjunction with prior studies, the conundrum of bureaucratic job stability in some patronage states, yet not others is thus partially resolved.

For the prospects of patronage reform in the world, this dissertation is good and bad news. On an upside, it suggests that reform incentives may emerge unintendedly as consequences of institutional choices in patronage states. The trend towards hyper-presidentialism in many regions, however, indicates that such choices are not being made (Van de Walle, 2003; Zovatto, 2014). Absent changes in other reform drivers, patronage reform will thus remain a Holy Grail in most developing countries.

Several implications for donors seeking to improve the dismal track record of patronage reform projects follow. Donors would do well to be more selective in choosing which countries to assist. Patronage persistence – and thus reform failure – is often overdetermined: bad government is often good politics. Where institutions deprive incumbents of patronage control, good government can become good politics. An analysis of patronage systems should thus precede donor decisions about patronage reform assistance. Moreover, donors should circumscribe their support to reform in practice. By legitimizing 'window dressing' incumbents, donor support to legal reforms may incentivize patronage rather than professionalization. Lastly, where patronage reform is politically irrational – as is often the case – donors should assist institutional reforms which enhance the incentive-compatibility of professionalization. As this dissertation has shown, institutions which deprive incumbents of patronage control, yet not of their ability to professionalize are particularly conducive to this end.

Beyond its policy weight, this dissertation also refocuses scholarly attention on the role of formal institutions in good government. That "parchment"

institutions like laws and constitutions may matter is, of course, axiomatic to note (Carey, 2000). In the weak institutional contexts of patronage states, however, conventional scholarly wisdom holds they usually do not (Levitsky & Murillo, 2013). As corollary, formal institutions had largely figured as consequences – but not causes – of the demise of patronage, clientelism and bad government.

This dissertation challenges this conviction. Institutions may well be ephemeral in patronage states; civil service laws are a case in point. Yet, strong institutions may exist in weak institutional contexts. In the cases studied, institutions allocating patronage control had causal efficacy of their own – rather than being merely intervening variables; concomitantly, reform was an unintended consequence of prior institutional choices. Institutions thus mattered: the origins of professional bureaucracies lay in the fragmented institutional design of patronage states.

The institutions which affected professionalization, however, were not those which prior studies had – without yielding robust findings – focused on. It was not broad variation in electoral institutions, territorial decentralization or executive-legislative relations – parliamentary vs. presidential systems – which incentivized the transition towards good government (cf. Kitschelt, 2011). Instead, institutions allocating patronage control – which, arguably, shape reform incentives much more directly – mattered; and these institutions did not concur with the institutions prior studies had focused on. Contrary to scholarly convictions, presidential and parliamentary systems may each feature – as I show – centralized or fragmented institutional control over patronage, for instance. Valid insights into the impact of formal institutions in patronage states thus require nuancing and shifting the scholarly spotlight to political-institutional designs distinct from those prior scholars had narrowed in on.

In shifting this spotlight, this dissertation has also added a novel argument to the long-standing debate about the relative benefits of power centralization and fragmentation (Madison, 1787). It thereby comes in on the side of fragmentation. Contrary to other advocates, fragmentation is not posited to be conducive to good government due to, for instance, better checks-and-balances or bureaucratic oversight

from multiple principles. Rather, a more indirect mechanism is at work. Fragmentation incentivizes incumbents to shift towards good government to, among others, take away patronage from challengers and regain electoral competitiveness – which limited patronage control in a spoils system had cost them. Good government may thus originate from fragmented control over bad government.

## Structure of the Dissertation

The findings of this dissertation are derived in three parts. Part One lays out theory, method and literature; Part Two tests the theory through a case comparison; and Part Three examines its external validity and implications for the study of patronage, institutions and good government. Part One comprises three chapters. After this introductory chapter, chapter 2 critically reviews existing works on patronage and its reform. It finds that scholarly works have put forward a range of hypotheses, yet are marred by dissent. It showcases that this dissent stems in part from two conflations: of distinct patronage reforms and of distinct patronage states. Disaggregating distinct reforms into distinct dependent variables and incorporating institutional differences across patronage states remedies part of the scholarly dissent.

Chapter 3 draws on this insight to develop a theory of reform of patronage states. The theory posits that incumbents face greater reform incentives where institutions deprive them and their allies of patronage control. To enhance the theory's robustness, the chapter details its causal mechanisms, scope conditions, assumptions and observable process implications. Theory development is succeeded by a discussion of the empirical strategy for theory testing. Data limitations preclude a large-n test. A comparative case study is, instead, relied upon. Via a most similar system design, Paraguay and the Dominican Republic (DR) are selected as cases.

In Part Two of the dissertation, I undertake the case comparison. To measure the dependent variable, chapter 4 compares public personnel reforms and bureaucratic professionalization in Paraguay and the DR. The chapter finds that bureaucratic professionalization – operationalized as meritocratic recruitment and promotion – advanced in Paraguay, yet not the DR. It also demonstrates that this

cross-case variation contrasts with cross-case variation in legal reforms. The DR enshrined meritocracy in a new public service law, constitution and presidential decrees – yet did not advance in practice. By contrast, legal reforms stalled in Paraguay – yet meritocracy advanced in practice. The Latin America region as a whole mirrors this pattern: professionalization in law and practice are poorly correlated. Drawing on this finding, I show that civil service legislation is neither necessary nor sufficient for the professionalization of patronage states.

Chapter 5 goes on to test the explanatory power of the patronage control theory. It does so in three steps. The chapter shows, first, that institutions depriving the incumbent of patronage control incentivized reform (Paraguay), while institutions concentrating patronage control in the incumbent had the opposite effect (DR). Subsequently, it demonstrates that reform support (DR) and opposition (Paraguay) of electoral challengers are consistent with theoretical predictions. Finally, it shows that the factors originating distinct institutional allocations of patronage control are distinct from those incentivizing professionalization. Institutions allocating patronage control thus exerted independent causal effects. The origins of Paraguay’s professionalization – and the DR’s patronage persistence – thus lay in institutional differences of their patronage states.

To forestall spurious inferences, chapter 6 examines whether rival hypotheses explain part or most of the observed cross-case variation. It finds that, from a demand-side perspective, professionalization should have proceeded, if at all, in the DR rather than Paraguay. Supply side rival explanations in turn account for why professionalization in Paraguay advanced only incrementally – yet not why it advanced in Paraguay, but not the DR. Institutions allocating patronage control were thus a decisive cause of cross-case variation in bureaucratic professionalization.

In Part Three, I provide evidence for the generalizability of the theory and generalize about the study of patronage, institutions and good government. I undertake the first task in two steps. In chapter 7, I move beyond professionalization to show that an empirical implication of the patronage control theory may shed light on a second Weberian reform: tenure. Prior studies had argued that incumbents gift

tenure to their appointees in a range of contexts. The patronage control theory may account for why many patronage states nonetheless lack tenure: incumbents resist tenure as it shifts patronage benefits to public employees. I provide empirical evidence for this theoretical extension by examining tenure reform attempts in the DR – a ‘most likely’ reform case according to prevalent theories.

In chapter 8, I move beyond Paraguay and the DR to provide evidence for the external validity of the patronage control theory. The scope of the qualitative inquiry is extended to patronage reforms in the U.S. and UK under Theodore Roosevelt (1901-1909) and William Gladstone (1868-1874). Subsequently, cross-country expert survey data on the structure of government is drawn on to tentatively test the theory in a large-n setting. Both the qualitative and quantitative tests lend credence to the generalizability of the theory. Confidence in its external validity is thus much enhanced.

Chapter 9 concludes with a discussion of the dissertation’s implications for the study of patronage, institutions and good government. The chapter sets out by recapping the dissertation’s contributions to studies of patronage and its reform. It goes on to detail what the dissertation’s findings hold in stock for the global prospects of patronage reform and donor approaches to reform. The chapter concludes by detailing the broader implications of the thesis for studies of institutions in good government. These implications challenge scholarly convictions about the ephemeral nature of formal institutions in patronage states, the set of institutions which matter for good government and the role of power fragmentation in good government.

## 2

### When Do Incumbents Professionalize Patronage States? **Contributions and Limitations of the Literature**

The study of patronage is almost as old as the study of politics itself. It has taken centre stage in works in history, public administration, sociology, anthropology, politics and economics. Rather than seeking to cite and detail the range of these works, this chapter pursues two more modest objectives: to lay the groundwork for theory development and testing in the subsequent chapters, and to point to several prevalent, yet unwarranted assumptions and omissions in existing works; these have contributed to a literature characterized more by dissent than by consolidation. It does so by critically reviewing, first, the conceptualizations of patronage put forward; second, prominent factors posited in scholarly works to explain the persistence of patronage; and third, prominent factors posited to underlie the replacement of patronage with a professional bureaucracy.

Several conclusions stand out. To begin with, there is dissent regarding the precise meaning of patronage: different authors conceptualize it in different terms. Despite conceptual ambiguity, however, scholars agree that reforms of patronage bureaucracies are rare occurrences: patronage persistence is often over-determined. As a corollary, the reform rather than resilience of patronage is the major conundrum to be explained. Despite the infrequency of reforms, scholars have posited a surprising multitude of (often) competing demand- and supply-side hypotheses to resolve this conundrum. Valid empirical analyses thus need to test a range of potential explanations to forestall omitted variable biases. Notwithstanding this multiplicity of factors, though, studies share two common limitations: they seek to explain the reform of patronage bureaucracies without taking into account differences in either the type of reform pursued or the underlying patronage bureaucracy.

Yet, not all reforms are the same, and neither are all patronage bureaucracies. By taking issue with this *unilinear* view of patronage and its reform, this

chapter makes four contributions to the literature. The chapter addresses, first, an important omission in previous conceptualizations of patronage: patronage powers over personnel may extend to not only appointment, but also other parts of the bureaucratic career, including pay, promotion and dismissal. Second, the chapter shows that conflating the reform of distinct personnel decisions – in particular tenure protections from dismissal (*tenure*) and meritocratic recruitment and promotion (*merit*) – into a single dependent variable is unwarranted. The political incentives for reforming these distinct personnel decisions differ; when disaggregating them into distinct dependent variables, part of the dissent in the literature is resolved. Moreover, when seeking to account for – as in this dissertation – *professionalization*, merit rather than tenure is shown to be the appropriate dependent variable. Lastly, the chapter underscores that the conflation of patronage bureaucracies – the common practice to account for their reform without taking into account differences across patronage bureaucracies – has added to omitted variable biases in prior studies. This omission mirrors a neglect in the study of clientelism at-large: formal institutions typically figure as a consequence of clientelist decline, yet are rarely identified as causes. Yet, patronage bureaucracies differ across cases, in particular in the institutional allocation of control over patronage. As a result, they also differ in the electoral utility they provide to incumbents. Chapter 3 will build on this insight to develop the patronage control theory of reform of patronage states.

## **What is Patronage?**

Patron-client relations were, in early works by anthropologists and sociologists, analysed at the micro-level of social interactions (see, among many, R. Fox, 1969). A reflection of patterns of social exchanges between the powerful and powerless in traditional societies – in particular between landlords and peasants – patronage was conceptualized as a durable, hierarchical and asymmetric face-to-face exchange relation, often underpinned by strong societal norms. Electoral enfranchisement came to challenge these patron-client relations and their scholarly conceptualization. With democratization, patron-client networks expanded from the personalistic local level to

national networks of political machines. These linked party leaders and office seekers (i.e. patrons) at the top to electoral clients through various levels of brokers organized in a pyramidal fashion (Scott, 1972). As a result, patron-client relations became more broker-mediated and instrumental-rational (Weingrod, 1968). Concomitantly, scholarly works took an economic turn, beginning to conceptualize patron-client relations in benefit-maximizing rather than cultural terms. With this turn, the unit of analysis shifted from the micro-level of social interactions to the meso- or macro-level of political systems (Kitschelt & Wilkinson, 2007a; Piattoni, 2001). Research on patron-client relations thus became tied in to concerns about democratic governance and interest representation.

Nevertheless, conceptual consolidation was not forthcoming. Instead, terminological confusion was furthered by, first, the proliferation of regional variants of patron-client relations – such as ‘caudillismo’ and ‘caciquismo’ in Latin America, ‘neopatrimonialism’ and ‘big men’ in Africa, and ‘bossism’ in South-East Asia (Bechle, 2010; Sidel, 1997; Van de Walle, 2007) – without systematic attention to substantive differences between these variations; and, second, by the interchangeable usage of, in particular, patronage and clientelism to refer to patron-client relations, frequently without any explicit attempt to define and differentiate these concepts (Hicken, 2011). As a result, the concept of clientelism became “one of those social science concepts almost unmatched when it comes to ambiguous usage” (Gordin, 2002, p. 516), with entire articles devoted to its conceptual stretching (Hilgers, 2011).

In this chapter, I do not purport to lay to rest these conceptual ambiguities in the literature. What I wish to do instead is to avoid conceptual confusion in the dissertation by offering conceptualizations of patronage and clientelism which draw on – and thus relate to – the most common approaches to conceptualizing the two concepts; differentiate them clearly from each other and neighbouring concepts; and address an important omission in prior conceptualizations of patronage. At the same time, the conceptual ambiguities in existing works should serve as a reminder that the literature on the determinants of patronage frequently – implicitly or explicitly – builds on insights from scholarly works on the determinants of clientelism – and vice versa. In

reviewing the literature on the politics of reform of patronage bureaucracies, I will take this overlap into account, drawing on arguments from the wider literature on the persistence and decline of clientelism where applicable to the reform of patronage bureaucracies.

With that in mind, I follow in my conceptualization of clientelism what Gans-Morse, Mazzuca and Nichte (2010, p. 3) term “electoral clientelism” and Kitschelt and Wilkson (2007a, p. 2) “clientelistic accountability:” clientelism is equated with one type of patron (office seekers or holders) seeking one type of benefit (political support, in particular votes) from one type of client (political supporters, in particular voters); in return, patrons provide a range of material and non-material benefits directly or via an intermediary network of brokers (see, among many comparable conceptualizations, Roniger, 2004; Stokes, 2007). Clientelism as a form of particularistic exchange politics thus contrasts with political mobilization concepts higher up the interest aggregation ladder, in particular pork barrel spending (at the level of localities or constituencies rather than individual voters) and corporatism (at the level of interest groups) (Piattoni, 2001).

To clearly differentiate the key concept of interest in the dissertation – patronage – I largely follow the public administration literature which equates patronage with what Weingrod (1968, p. 379) deems its “folk meaning:” public sector positions are discretionarily allocated. Discretion thereby refers to the possibility frontier for public personnel decisions at will in practice, based not only on formal but also on informal powers. One modification is made to address an important omission in virtually all<sup>2</sup> scholarly works to-date (see, among many, Calvo & Murillo, 2004; Grindle, 2012; Kopecky, Mair, & Spirova, 2012; Page & Wright, 1999; Robinson & Verdier, 2013). Discretionary power over personnel may extend to not only appointment, but also pay, promotion and (protection from) dismissal – among other personnel decisions. These powers crucially affect patronage. To illustrate, powers over dismissal define

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<sup>2</sup> Note that scholarly works on patronage occasionally, albeit unsystematically, refer to personnel powers beyond recruitment. Reid and Kurth (1988, p. 256), for instance, purport that “formally, the power of patronage is no more than the power to hire and fire an employee at will.”

whether all or only open public sector positions are available for appointment; and powers over pay and promotion may affect, among others, whether clients in the bureaucracy remain loyal after the initial appointment. When restricting patronage to appointment power, the lion share of patronage may thus go unnoticed. In this dissertation, I thus treat patronage as the:

*Discretionary – i.e. not constrained by major *de jure* or *de facto* procedures – power over public personnel decisions, including recruitment, promotion, pay and dismissal.*

In this conceptualization, patronage is a type of patron-client relation with a clearly defined good provided by the patron: public employment benefits, be those initial recruitment, promotion, pay rises or protection from dismissal. The type of patrons and clients, the benefits sought from these and the motivations for engaging in patronage are not delimited, however. Note that this departs from a variety of previous studies which had assumed that patronage is solely used in electoral exchanges in developing countries, as reward for votes and/or campaign support (see, for instance, Calvo & Murillo, 2004; Peters & Pierre, 2004; Remmer, 2007). Instead, the conceptualization follows recent research which emphasizes the panoply of uses of patronage (Grindle, 2012; Kopecky et al., 2012). This is not to say that patronage does not prioritize loyalty of clients. In fact, in patronage bureaucracies, the contract between the employer and the employee rests on the principle of personal and/or political reciprocity – the duty of an employee-client is to his or her patron, not the state (see Weber, 1978). Why patrons seek loyal staff, whether they apply partisan or other criteria when selecting staff, and what they expect from staff in exchange for their patronage is not conceptually circumscribed, however. Patronage may thus – but need not be – a form of clientelist exchange. When it is, patronage frequently stands – not least due to the large share of public sector budgets which wages tend to claim (O'Dwyer, 2006) – “at the center of analysis” of studies of clientelism (Remmer, 2007, p. 364).

Patronage thus also overlaps but does not coincide with politicization, the “substitution of political criteria for merit-based criteria in the selection, retention, promotion, rewards, and disciplining of members of the public service” (Peters & Pierre,

2004, p. 2). Contrary to politicization, patronage need not put a premium on political criteria in discretionary personnel decisions. Instead and as I detail in chapter 3, patrons may prioritize technical criteria in discretionary personnel decisions and thus rely on what I term meritocratic patronage.

With patronage and clientelism conceptualized, the next section turns to the determinants of the persistence of patronage. Fortunately, scholarly works are less divided about the durability of patronage than about its precise definition: patronage persistence is generally deemed to be over-determined.

### **Why is Patronage So Resilient to Reform Attempts?**

Understanding the determinants of the professionalization of patronage bureaucracies requires, in the first place, an understanding of the determinants of patronage persistence. As noted in chapter 1, patronage remains prevalent in most developing countries and frequently resilient in the face of reform attempts. As Grindle (2012, p. 9) puts it eloquently for the case of Latin America:

*“Across authoritarian and democratic regimes; across conservative, liberal, and revolutionary governments; across unitary and federalist systems; across no party, one-party, and multi-party systems—patronage systems proved durable and adaptive.”*

Why then does patronage persist so frequently in developing countries despite the “technical superiority” of professional bureaucracies and the ready availability of international financial and technical assistance for those who seek to advance professionalization (Weber, 1978, p. 973)? Scholars have put forward thirteen major complementary explanations for the persistence of patronage (table 2.1).

**Table 2.1 Key Explanations for Patronage Persistence**

<ul style="list-style-type: none"> <li>▪ Democratization prior to bureaucratization</li> <li>▪ Politicians' and voters' dilemmas</li> <li>▪ Collective action challenges of reform movements</li> <li>▪ Self-enforcing nature of patronage contracts</li> <li>▪ Instrumental value of patronage for (other) clientelist exchanges</li> <li>▪ Self-enforcing nature of patronage systems</li> <li>▪ Principal-agent problems in low capacity bureaucracies</li> <li>▪ Organization challenges of nascent parties</li> <li>▪ Lacking credibility of programmatic promises in young democracies</li> <li>▪ Reform implementation dilemmas</li> <li>▪ Durability of cultural norms underlying patronage</li> <li>▪ Flexibility inherent in the usage of patronage</li> </ul>
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Source: author's own elaboration

Note that some of these factors are specific to patronage; others apply to both patronage and clientelism. The sheer number of factors, however, goes a long way in explaining the attractiveness and persistence of patronage. The rationales for power holders to prefer patronage are manifold. The durability of patronage is thus frequently over-determined; as a corollary, reform is a rare occurrence. To substantiate this conclusion, each of the aforementioned factors underlying the resilience of patronage shall be briefly delineated.

To begin with, note that patronage tends to be available to power holders in democracies in developing countries. In an influential article, Shefter (1977) has argued that the sequence of democratic enfranchisement relative to the consolidation of professional bureaucracies impinges upon parties' reliance on patronage. Where a professional bureaucracy is consolidated prior to democratization, parties may not mobilize mass support on the basis of patronage and instead turn to programmatic appeals; where bureaucratic autonomy is lacking and 'insiders' may access patronage, parties turn to the particularistic distribution of public resources to mobilize political support (see, for administrative legacy arguments with similar logics, Kitschelt, 1999; Kopecký & Spirova, 2011).<sup>3</sup> Yet, few of the new democracies in today's developing world

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<sup>3</sup> Most prominently, a range of scholars have examined the legacy of British colonial rule for good government (see, for instance, Pellegrini & Gerlagh, 2008).

inherited professional bureaucracies; patronage was thus available for political mobilization.

Why incumbents then choose to utilize patronage is, most prominently, encapsulated in Geddes' (1996, p. 18) "politician's dilemma." Incumbents may hold a longer-run interest in economic and social improvements via the professionalization of patronage bureaucracies. Yet, this interest runs counter to and is superseded by a desire for immediate political survival – not the least as incumbents can, generally speaking, only achieve longer-term objectives by retaining office. Patronage can facilitate political survival by providing incumbents with the ability to share government – by placing groups or individuals in key positions in state agencies – and trade jobs and other public employment benefits for political support from legislators, social elites, interest groups and other key constituents. As a result, patronage is often at the core of the government's ability to regulate intra-elite competition, and build and maintain a viable governing alliance and support base (North, Wallis, Webb, & Weingast, 2007; Van de Walle, 2007). Empirical evidence for patronage-induced governability abounds. Arriola (2009), for instance, shows that patronage reduces the risk of coups to African leaders. Kenny (2013) illustrates that patronage was instrumental in maintaining the integrity of British colonies in the decolonization process; and Geddes (1996, p. 152) finds that, in Latin America, patronage is "the glue that holds coalitions together."

Somewhat less prominently in the literature, the "voter's dilemma" further adds to the resilience of patronage and clientelism (Lyne, 2008, p. 21). Its rationale is simple. Even if voters would prefer a candidate promising public goods through bureaucratic professionalization over an incumbent providing individually targeted (private) goods through patronage, the excludability of private goods implies that rational voters will not support the programmatic candidate. Voters benefit from public goods provision in case the programmatic candidate gets elected irrespective of whether they voted for him. Yet, they can only access patronage in case of incumbent re-election if they voted for him (Magaloni, Diaz-Cayeros, & Estevez, 2007). Voters thus find themselves in an n-person prisoner's dilemma with its well-known coordination problem. Defeating the patronage candidate is in the voters' collective interest, yet

individual voters pay the cost if the attempt fails (Stokes, 2005). As an insurance policy to avoid the ‘sucker’s payoff,’ voters hence opt for the patronage candidate (Lyne, 2008).

A similar dilemma revolves around collective societal organization to demand reform of patronage bureaucracies itself. Most members of society would be better off if they organized for reform. Yet, as benefits are diffuse in the sense that they advantage the citizenry as a whole rather than a specific sub-group, collective action will not occur. Instead, rational individuals will seek to free ride to enjoy the public goods benefits of reform, and organizations to demand reform will not form (Heredia & Schneider, 2003). Moreover, patronage as a vertical and asymmetric relationship inhibits the formation of collective, horizontal organizations by isolating and atomizing clients (Auyero, Lapegna, & Poma, 2009).

Such disincentives for collective societal action for reform are paralleled by incentives for individual clients to support incumbents in patronage bureaucracies. As public jobs are credible, selective and (frequently) reversible rents to clients – i.e. public employees – they tie the continuation utility of these clients to the electoral success of their political patron (Robinson & Verdier, 2013). As such, patronage is a self-enforcing form of clientelist exchange (Oliveros, 2013). Public employees provide votes, campaign support and other political services to incumbents as it tends to be in their best interest to do so: their fates are tied to incumbents remaining in power. Even where these self-enforcing incentives are insufficient to engender political support, such support may be forthcoming. Patrons may monitor observable client behaviour – such as participation in campaign rallies – and withdraw public employment or pay where clients fail to provide political support.

Beyond electoral support, patronage facilitates the personalization of public administration between elections – or, to put it in starker terms, “patronage is a necessary condition for both clientelism and corruption.” (Kopecký & Spirova, 2011, p. 906) Control of public sector positions facilitates control of public resources and service provision (Blondel, 2002; Scherlis, 2010). Public employees as clients may constantly transform administrative tasks into personal favours, be these basic administrative services to citizens at the bottom of the bureaucratic hierarchy or discretionary

governmental regulations, procurement contracts and subsidies – among other rents – to business elites at the top (Kitschelt & Wilkinson, 2007a; Oliveros, 2013). This personalization incentivizes citizens with connections to public employees to vote for incumbents to retain access to public services.

This holds all the more where citizens may monitor the receipt of private goods from governments – such as jobs in the public sector and administrative services framed as personal favours – yet, due to information asymmetries, lack the ability to do the same for public goods. Low levels of education and (unbiased) newspaper circulation conspire against electoral accountability for public goods provision (Geddes, 1996); this further incentivizes incumbents to provide private goods, in the form of both patronage and political services provided by loyal patronage employees. Note also that, as a result, patronage may perpetuate the societal conditions which make patronage viable. The under-provision of public goods due to patronage stymies economic and human development which in turn enhances the dependence of voters on patronage (Robinson & Verdier, 2013). This is all the more true where patronage serves as a second-best welfare policy, with the public as an employer of last resort in contexts of high unemployment (Spanou & Sotiropoulos, 2011).

Beyond facilitating the provision of political services by clients, patronage enables incumbents, more generally, to resolve principal-agent challenges in contexts of weak formal oversight mechanisms. In a system of cascading patronage, incumbent patrons appoint as brokers lower-level officials; these may, in turn, appoint as brokers in their own right; this brokerage chain then extends to the bottom of the hierarchy (Meyer-Sahling & Jager, 2012). The ensuing loyalty of staff to patrons is of particular value in developing countries where weak administrative, control and information systems complicate formal supervision.

To ensure that private goods provision translates into electoral support, incumbents need not only assure that public employees target private goods provision to potential supporters, but also monitor that recipients vote for incumbents in return. Patronage is useful for the latter task, as well. It fuels party organization by, first, facilitating party funding: loyal clients in the bureaucracy may strip state assets for

party coffers (O'Dwyer, 2006). Moreover, employees in many patronage bureaucracies are required to kick back a percentage of their salaries to incumbent parties (see, for instance, R. Johnson & Libecap, 1994; Scherlis, 2010; World Bank, 2000). Not less important, patronage puts at the service of parties “armies of loyal party workers:” partisan networks of activists incentivized by the promise of “jobs for the boys.” (Kopecký & Spirova, 2011, p. 897; Skowronek, 1982, p. 53) Extensive and well-funded partisan networks in turn are key for power holders to monitor electoral behaviour. Stokes (2005), for instance, shows that parties attempt to bypass the secret ballot and infer individuals’ votes by exploiting their insertion into social networks. The party “with the most decentralized and tentacle-like organizational structure” is the one most able to do so (Stokes, 2005, p. 323).

The provision of patronage and private goods is, in particular in new democracies, also attractive to incumbents as electoral campaigns based on public goods promises frequently lack credibility. Lacking credibility stems in part from weak bureaucratic capacity, reinforcing voters’ beliefs that programmatic promises may not be delivered on (O'Dwyer, 2006). The credibility of public goods promises may also be constrained as the building of policy reputations with broad segments of the electorate tends to take time. In new democracies, parties can often make credible promises only to small segments of the electorate, in particular by relying on established local patrons. Once credibility for narrow private goods provision – rather than public goods provision – has been established, reliance on clientelism and patronage to court political support may perpetuate (Keefer, 2007; Keefer & Vlaicu, 2008). This perpetuation is further reinforced by the skills of the resulting group of partisan activists: they are capable of mobilizing votes with private goods, yet lack programmatic commitments (Keefer, forthcoming).

Beyond these political factors, patronage also persists because of technical and cultural factors. Reform of patronage involves, first, an implementation dilemma. Reform is meant to reduce bureaucratic capacity constraints, yet these very constraints complicate reform design and implementation. Qualified personnel to design a technically-sound reform is lacking; and public employees with limited qualifications

and frequent turnover lack incentives to apply reform legislation, recognizing their limited ability to fully comply with it (Huber & McCarty, 2004). Moreover, the inertia inherent in societal norms underpinning patronage – as epitomized by, for instance, societal acquiescence to ascriptive rather than merit-based accumulation – delinks informal practices from formal norms, complicate reform implementation and thus extend the requisite time horizon for reform to deliver public goods benefits (Peters, 2010; Pollitt & Bouckaert, 2004). The inter-temporal cost-benefit incidence of patronage reforms thus becomes further misaligned with electoral cycles: patronage losses are accrued today, while reform benefits become more uncertain and distant (Blum, 2014).

Lastly – and as hinted at by the range of factors underlying the resilience of patronage – patronage persists because of its flexibility. As Grindle (2012) details, patronage may be employed not only to construct clientelist machines, ensure the hegemony of class elites or extract state resources for private wealth accumulation, but also to bring in technocrats to modernize the state. As such, patronage is an instrument of power adaptable to diverse incumbent needs – a characteristic relished by power holders.

As this overview of the panoply of rationales for relying on patronage should make ample clear, patronage tends to be an attractive proposition for power holders in developing countries. Concomitantly, it also tends to be a winning strategy in electoral contests. Folke, Hirano and Snyder (2011), for instance, find that patronage provided incumbents with large electoral advantages in U.S. state elections. The political odds thus tend to favour patronage persistence. Unsurprisingly, practitioners conclude that the reform of patronage bureaucracies “has proven among the most difficult of developmental reforms to sustain” and professional bureaucracies remain in scarce supply in the developing world (Shepherd, 2003, p. 2). At the same time, however, starting in the 19<sup>th</sup> century, all of today’s developed economies began introducing and consolidating professional civil service systems, as have more recently a range of developing countries. Why incumbents would forego discretionary control of public personnel in patronage bureaucracies in favour of professionalization is discussed next.

## Under What Conditions Do Incumbents Professionalize Patronage Bureaucracies?

Despite the infrequency of reform, scholars have developed an astonishing multitude of hypotheses to account for it. I critically review below the key hypotheses posited in the literature with four objectives: first, to highlight the range of, at times, competing and, at times, complementary explanations for reform – which the empirical tests in chapters four to eight of the dissertation need to consider to avoid omitted variable bias; second, to underscore that theory construction most usefully takes place from the viewpoint of incumbents weighing the political costs and benefits of reform – professionalization has rarely resulted from demands from collective actors outside the state; third, to underscore the dissent in the literature regarding both the explanatory relevance and, at times, signs of causal effects of key hypotheses; and fourth, to underscore three prevalent limitations in existing scholarship; theories frequently account for either the *incentives* for or the *ability* to reform, yet not both; moreover, scholars explain reform without considering differences in either the type of reform pursued or the underlying patronage bureaucracy. When addressing these limitations – as I do in theory construction in chapter 3 – some of the dissent in the literature is resolved.

To structure the literature review, I follow a range of previous studies and heuristically categorize the explanatory variables stylized in table 2.2 into demand and supply-side factors (see for similar heuristics, among others, Calvo & Murillo, 2004; Lapuente & Nistotskaya, 2009; Piattoni, 2001; Shefter, 1993).<sup>4</sup> Note that, due to interaction effects, this is but a descriptive categorization: supply side factors may affect demand for reform and vice-versa. The categorization is nonetheless useful, both to facilitate an overview of scholarly hypotheses and to derive the aforementioned generalization – namely that, with the exception of voter preferences, supply rather than demand-side hypotheses are foremost in explaining reform.

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<sup>4</sup> Demand-side factors refer to political (dis)incentives to professionalize bureaucracies emanating from collective or individual demand for (lack of) reform from actors outside the state. Supply-side factors refer to political conditions (dis)incentivizing governments to professionalize the bureaucracy when facing a given level of demand for (lack of) reform.

**Table 2.2 Key Explanatory Factors of Bureaucratic Professionalization<sup>5</sup>**

Demand-Side Factors	Supply-Side Factors
<ul style="list-style-type: none"> <li>▪ Demand from civic reform coalitions</li> <li>▪ Demand from businesses</li> <li>▪ Demand from public employees</li> <li>▪ Demand from donors and international organizations</li> <li>▪ Voters' public goods demand</li> </ul>	<ul style="list-style-type: none"> <li>▪ Democratization</li> <li>▪ Party competition</li> <li>▪ Party organization</li> <li>▪ Electoral institutions</li> <li>▪ Political institutions</li> <li>▪ Wars and external conflict</li> <li>▪ Growth in patronage budgets</li> </ul>

Source: author's own elaboration

### *The Demand for Reform of Patronage Bureaucracies*

Demand side studies account for reform by looking at collective reform demand sources – be those civil society, the private sector, public employees or donors – or shifts in voter preferences in favour of public goods. Early historic accounts of, in particular, the U.S. case focused on civic reform coalitions mobilizing opposition to the allegedly inefficient and corrupt patronage system and working to secure the election of Congress Members sympathetic to reform (see, for instance, Van Riper, 1958). Societal organizations for reform were complemented by massive public education campaigns to sway public opinion against patronage (Theriault, 2003). The non-partisan press, civil society associations, unions and the middle class all stand to gain from more than a strengthened state with reform: reform advantages the middle (and, at times, upper) class in the competition for public employment while the crumbling of patronage-based party organizations enhances the power of media and collective societal actors in political decision-making (Shefter, 1993). Collective societal actors may be particularly effective in contexts of elite divisions. Societal actors may then ally with reformist governmental factions in power (J. Fox, 1994).

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<sup>5</sup> Note that this review is deliberately mute on the explanatory power of ideas. The idea of a meritocratic civil service has existed since at least the Han Dynasty in China in the 2nd century BC (Fukuyama, 2011). While changes in the prominence of the idea of a professional bureaucracy may challenge the legitimacy of patronage systems (see Fukuyama, 2014), such changes are likely to be triggered by factors, such as civic reform coalitions, which are included in the review in this chapter.

Business demand may complement civic mobilization for reform. Particularly in nationalizing or globalizing economies, private sector associations may face incentives to demand professionalization to ensure the delivery of basic public services required for business operations; enhance consistency in policy implementation – for instance in regards to business regulations – to facilitate open market competition; reduce the transaction costs of doing business, for instance in customs or courts; and enhance macroeconomic transparency to shore up confidence in investments (Heredia & Schneider, 2003; Kuo, 2013; Skowronek, 1982). Professionalization may thus advance as a response to demands stemming from industrialization or private sector development more broadly (Weber, 1978).

Inside the state, studies focus on public employees as a third source of collective reform demand. A professional bureaucracy tends to be in public employees' self-interest. The discretion inherent in patronage bureaucracies jeopardizes their job stability, introduces uncertainty into their career paths and diminishes their societal legitimacy and reputation (Silberman, 1993; Weber, 1978). Against this backdrop, entrepreneurial bureaucrats may, in one account, seek autonomy by establishing ties with interest groups and the media which in turn provide them with political legitimacy and protection (Carpenter, 2001); and, in another account, seek favourable legislation – including bureaucratic autonomy – by exploiting executive-legislative rivalries over the control of bureaucracy (R. Johnson & Libecap, 1994).

Lastly, studies look to international influences – in particular from development assistance organizations and international financial institutions (donors) – as sources of demand. Donors are major reform stakeholders in most of today's developing countries. The World Bank, for instance, supports public sector reform in roughly 140 countries, while other bilateral agencies and regional development banks intervene in public sector reform in over 100 countries (Andrews, 2013). Donors may bring about reform through at least four channels: by conditioning development aid or other inducements – such as European Union accession – on reform; by covering the initial financial costs of reform; by providing external legitimacy to reform champions; and by facilitating mimetic isomorphism – the imitation of more advanced professional

bureaucracies – through policy transfers (see, among many, M. Johnson, 2009; Laking & Norman, 2007; Mavima, 2008; Meyer-Sahling, 2004; Page, 2006; Ramio & Salvador, 2008).

Note, though, that while each of these collective demand sources may plausibly impinge upon reform in a given case, most studies attribute little explanatory power to them. While collective societal demand may have added to reform incentives in a few prominent cases – in particular the U.S. and, to a lesser extent, Britain (see chapter 8) – collective action challenges mostly precluded the successful mobilization of societal coalitions for reform. As a result, the “broad mobilization of citizens ... in reform [of patronage bureaucracies is] an anomaly rather than a constant.” (Grindle, 2012, p. 29)

As businesses face fewer collective action challenges and may vitiate part of the need for patronage through campaign contributions, they may expected to step in. Yet, the private sector tends to lack incentives to seek reform of the state as a whole. Instead, business demands tend to revolve around a narrow set of institutions central to business transactions, including central banks, tax and customs administrations, regulatory agencies and courts (Heredia & Schneider, 2003). When embedded in patron-client networks and benefiting from skewed policy implementation, businesses may also oppose rather than demand reform (see, for instance, Nickson & Lambert, 2002). Concomitantly, Silberman (1993, p. 37) concludes that “industrialization ... was neither a necessary nor a sufficient cause for bureaucratization.”

Public employees are unlikely to act as a remedy. Vertical patron-client networks often preclude the collective organization of public employees ahead of reform. It is, hence, only after a reduction of political control of bureaucratic careers through initial reforms that public employees tend to rise as an interest group in favour of further bureaucratic autonomy (R. Johnson & Libecap, 1994). Moreover, public employees are – reminiscent of businesses – partial in their reform demands, focusing on issues of particular salience to them: protection from dismissals, demotions or unfavourable transfers; automatic promotions and generalized pay rises (Grindle, 2012; Schultz & Maranto, 1998). Unionization may thus strengthen autonomy from political

interference, yet not necessarily professionalization understood as meritocracy in recruitment and promotion. As a result then, “few scholars have treated the bureaucracy as a serious political force in its own right.” (Zelizer, 2003, p. 61)

In contrast, donors are, as aforementioned, present as stakeholders in most of today’s developing countries. Yet, their reform demands rarely translate into professionalization. Against the backdrop of project approval cultures, lending pressure and coordination difficulties among donors, conditionalities are often weak (Bauhr & Nasiritousi, 2012; De Renzio, 2011). Moreover, they frequently lead to the formal mimicry of international best practices beyond the administrative reach of recipient countries. These isomorphic formal façades then do little to undermine the informal prevalence of patronage (Andrews, 2010, 2013). To the contrary, they may, at times, enable patronage-enhancing reforms (O'Dwyer, 2006). A variety of perverse incentives further add to the risk of undermining professionalization through aid. Technical assistance by donors may reduce pressure to build up domestic bureaucratic capacity; donors at times poach skilled staff from public sector institutions (Bräutigam, 2000); reliance on foreign aid to meet fiscal needs disincentivizes building up bureaucratic capacity to collect tax revenue, while softening budget constraints for patronage (Moore, 2004; Mwenda & Tangri, 2005); and public service provision by donors lessens voters’ public goods demands and thus pressure for professionalization to supply such goods (Van de Walle, 2001). Consequently, even in the case of successful reforms, the role of donors “is often quite marginal” despite the prevalence of their financial support (Andrews, 2013, p. 209).

In sum then, while collective sources of demand for reform are frequently present in reform cases, most studies de-emphasize their relevance in tilting incentives towards reform. Yet, this is not to say that actors outside the state do not matter for reform. Voter preferences may shape the reform rationales of (re)election-seeking power holders even where collective mobilization is not forthcoming. Such preferences tend not to translate directly into demands for patronage and its reform, however, but rather into demands for public and private goods provision – which in turn shape the political payoffs of patronage and professionalization. Scholarly works suggests that voter

preferences may shift from private goods to public goods due to increases in income, education, private sector employment, urbanization and ethnic fractionalization.

Most prominently, studies have linked higher per capita incomes to fewer patronage demands. Greater incomes tend to coincide with lower future discount rates, with voters more willing to forego immediate private goods receipts in the form of patronage in favour of longer-term public goods benefits through reform (Charron & Lapuente, 2010). Similarly, higher incomes reduce voters' risk aversion and thus enhance their willingness to forego a certain private goods benefit in favour of a probabilistic public goods benefit (Stokes, Dunning, Nazareno, & Brusco, 2013). Perhaps most important, higher incomes reduce the marginal utility to voters of a given public sector wage premium while enhancing the utility voters derive from self-expression in the polls. As a result, the reservation wage required to obtain electoral support through patronage increases and patronage becomes a more expensive electoral mobilization strategy<sup>6</sup> (see, among many, Calvo & Murillo, 2004; Reid & Kurth, 1988, 1989; Stokes, 2005; Weitz-Shapiro, 2012).

The higher levels of education, private sector employment and urbanization which frequently coincide with higher incomes may further reduce the electoral utility of patronage. Higher skill levels enhance voters' ability to both monitor incumbent public goods provision and obtain employment outside a patronage bureaucracy (Geddes, 1996; Oliveros, 2013). They also raise the opportunity costs of patronage systems in terms of foregone bureaucratic efficiency due to rising skill levels of those marginalized by the system (Hollyer, 2011b). As a caveat, though, increases in educational equality rather than education itself may have the opposite effect. Where educational opportunities are unequally distributed, professionalization may buttress class privileges: only elites count on the education to successfully compete in meritocratic personnel selections; they thus push for reform to safeguard their privileged access to public employment (Grindle, 2012). Greater private sector employment

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<sup>6</sup> As a caveat, where higher incomes augment the state resources available for patronage, higher incomes will only incentivize reform where, proportionally speaking, the increase in voters' reservation wages exceeds the increase in patronage budgets (Lyne, 2007).

opportunities in turn tend to reduce the electoral utility of frequently insecure patronage jobs (Lapuente & Nistotskaya, 2009; Sorauf, 1960).<sup>7</sup> And urbanization, by enhancing the spatial mobility of voters, complicates the construction and monitoring of patron-client relations – and thus the value of patronage (Kitschelt, 2000).

Lastly, ethnic fractionalization may shape voter preferences for public and private goods. Ethnicity-based cleavages may complicate the definition of programmatic left-right issue spaces and facilitate the construction of cohesive ethnicity-based patronage networks (Kitschelt & Wilkinson, 2007a; Ruhil, 2003). They may, however, also lead to excessive patronage demands and attempts by ethnic outsiders to push for reform (Ruhil & Camões, 2003; Tolbert & Zucker, 1983).

In conclusion, while scholars rarely find professionalization to be the result of demand from collective actors, shifts in citizen preferences towards public goods – caused by a variety of socio-economic factors – are frequently identified as proximate causes of bureaucratic professionalization. This puts a premium on incorporating citizens' public and private goods preferences in theory development and testing. At the same time, political systems aggregate such preferences in distinct ways. In other words, whether incumbents face incentives to respond with professionalization to citizen preferences for public goods, or to professionalize despite citizen preferences for private goods will depend on supply-side factors; concomitantly then, these factors have taken centre stage in the bulk of scholarly works and are discussed next.

### *The Supply of Reform of Patronage Bureaucracies*

At the most aggregate level, supply side scholars have argued whether incumbents in democracies or autocracies face greater reform incentives (see, among many, Acemoglu, Ticchi, & Vindigni, 2011; Bäck & Hadenius, 2008; Egorov & Sonin, 2011). The competing values of responsiveness and autonomy stand at the centre of this debate. Thanks to increased electoral competition, press scrutiny and civic

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<sup>7</sup> As a caveat, limited private sector employment opportunities may also have the opposite effect. Ruhil (2003) argues that enhanced unemployment may incentivize reform where incumbents face too many patronage seekers in the context of limited patronage supply.

association, democracies are argued to foster responsiveness to societal demands, including for bureaucratic professionalization (Heredia & Schneider, 2003). On the other hand, thanks to the insulation of incumbents from the distributional and immediate consumption demands of citizens, autocracies are deemed more capable of imposing short-term patronage reductions in favour of longer-run public goods provision (Haggard, 1990).

In this dissertation, I am concerned with the patronage or professionalization choice of incumbents in democratic regimes; I thus make no attempt to resolve the democracy vs. autocracy debate. The debate is nonetheless helpful to illustrate an often neglected limitation in supply-side studies. Theories frequently explain, without explicit recognition, either the *incentives* for or the *ability* to reform, yet not both. I explicitly address this limitation in the theory I develop in the next chapter. Moreover, the debate underscores that democratization is not an unmitigated blessing or curse for bureaucratic professionalization. Instead, its effect will hinge upon both voters' public goods preferences and more specific characteristics of the democratic regime. Six factors have been argued to be of particular relevance: patterns of party competition; party organization; electoral institutions; political institutions; war and conflict; and growth in patronage budgets.

Both most prominently and most controversially in the literature, distinct patterns of electoral competition have been linked with the reform and resilience of patronage bureaucracies. In an influential argument, Geddes (1996, p. 190) has argued that electoral competition is the “principal incentive” for professionalization, albeit only in party systems where parties have equal access to patronage. In such contexts, reform imposes similar patronage losses on parties while allowing incumbents to claim small electoral gains from improved public goods provision and reputation. Parity among two parties may also facilitate professionalization by enabling reformist factions to “play balance of power politics,” offering their pivotal electoral support in return for reform (Shefter, 1993, p. 73).

In the prominent accounts of O'Dwyer (2006) and Grzymala-Busse (2007), it is not party parity but robust and institutionalized competition which

incentivizes reform. In O'Dwyer's (2006) account, such competition occurs where no party is dominant, and a manageable number of stable parties with familiar coalition-building preferences compete for office. As a result, a credible opposition offers voters a clear alternative to punish incumbents seeking excessive patronage. In contrast, volatile and fractionalized party systems with unfamiliar patterns of coalition-building militate against professionalization by putting a premium on patronage to maintain governing coalitions; by enhancing the number of partisan veto players with narrow and thus potentially less public-regarding constituencies (see, for similar arguments, Gordin, 2002; Kitschelt, 2000); by complicating the accountability of any specific governing party for public goods provision; and by shortening political time horizons and thus incentivizing the extraction of state resources. Grzymala-Busse (2007, p. 1) in turn argues that competition is robust where opposition parties "offer a clear, plausible and critical governing alternative." Critical oppositions place a check on patronage by publicizing incumbent's exploits. At the same time, clear and plausible oppositions enhance the threat of replacement of incumbents. Anticipating a potential exit from office, incumbents face incentives to co-opt the opposition through power-sharing arrangements and to construct formal institutions – including professional bureaucracies – as safeguards for electoral losers against the incumbent use of patronage and other state resources for electoral advantage (see, for a similar insurance argument, Ting, Snyder, Hirano, & Folke, 2013). In accordance with this logic, a variety of studies find patronage to be lowest where electoral margins are smallest (Benitez-Iturbe, 2008; Magaloni et al., 2007; Remmer, 2007).

Political uncertainty about maintenance in power features more generally as an inducement for bureaucratic professionalization in a range of other studies. When facing electoral defeat, incumbents may pursue reform to "blanket in" patronage appointees to secure continued employment for their clients and deprive hostile successors of patronage (Ruhil & Camões, 2003, p. 34; Van Riper, 1958); to enhance the durability – and thus value – of legislative benefits by assuring that public employees broadly sympathetic to their interests remain in office, thus limiting the extent to which future (hostile) incumbents may shape administrative outcomes (Horn,

1995); or to both lock in the incumbent's political agenda – by preventing successors from replacing politically-loyal bureaucrats – and maintain bureaucrats' incentives to invest in competence as electoral uncertainty thwarts credible future patronage employment guarantees (Mueller, 2009). Silberman (1993) in turn argues that political uncertainty affects not only whether but also what kind of professional bureaucracy is constructed. Absent institutionalized leadership succession, incumbents prioritize closed civil services to assure continuity in public services; where rules for succession are institutionalized, incumbents favour more open labour markets in public service.

A second set of studies has been less sanguine about electoral competition and uncertainty, arguing that these may disincentivize rather than foster reform. A variety of causal mechanisms have been suggested. Most important, electoral uncertainty may reduce the time horizons of incumbents and thus their ability to claim the long-term economic gains induced by professional bureaucracies; as a result, they face fewer incentives to professionalize and greater incentives to predate state resources through private goods extraction (Lapuente & Nistotskaya, 2009). Electoral uncertainty may also incentivize incumbents to limit the state capacity available to hostile successors to pursue policies detrimental to the incumbent (Besley & Persson, 2010); and may incentivize incumbents to forego professionalization in favour of enhancing the political control of bureaucracies staffed with untrusted appointees of preceding incumbents (Meyer-Sahling, 2006c). Studies associating increases in patronage with enhanced electoral competition thus abound (see, among many, L. Beck, 2008; Lindberg & Morrison, 2008).

The literature thus remains in dissent regarding the incentive effects of electoral competition and uncertainty for bureaucratic professionalization. This dissent may, in part, be resolved by locating the studies in their socio-economic context. As may be expected, electoral competition is more likely to incentivize professionalization where voters prioritize public over private goods (Charron & Lapuente, 2010; Kitschelt & Wilkinson, 2007a; Weitz-Shapiro, 2012). As I shall argue in the next section, however, part of the literature dissent may also be resolved by taking into account how electoral

competition interacts with distinct patronage bureaucracies and distinct reforms of patronage bureaucracies.

Prior to doing so, the remnant range of supply side explanations for professionalization shall be delineated. Next to party competition, the organization of parties has been argued to impinge upon reform incentives. According to Cruz and Keefer (2013), party organizations which enable collective action by politicians facilitate reform. Individual patron-politicians with small constituencies command neither incentives nor ability to make good on broad public goods promises – whose delivery would be facilitated by a professional bureaucracy. Reform is thus more likely under programmatic and, to a lesser extent, centralized machine parties than under parties consisting of loose agglomerations of patron-politicians. In a similar vein, Geddes (1996) argues that incumbents heading more disciplined parties are more likely to professionalize as they are less in need of patronage concessions to secure party cohesion. Other scholars see an inverse relation, however. Well-organized and disciplined parties may be better positioned to administer patronage to its maximum advantage, as organization and discipline are key to monitor and enforce patronage contracts aimed at maximizing party support (Grzymala-Busse, 2007; Sorauf, 1959). Less controversially, the socio-economic characteristics of party members are argued to impinge upon professionalization. Parties with more skilled constituents face fewer incentives to rely on patronage. Employment alternatives of party members enhance the public sector wage premiums required to obtain their electoral support; patronage thus becomes a more costly electoral strategy (Benitez-Iturbe, 2008; Calvo & Murillo, 2004).

Lastly, the lack of party organization or, more precisely, the election of political outsiders to power has been argued to either incentivize or thwart professionalization. In the more sanguine accounts, Presidents rising to power independent of a particular party or in spite of the opposition of established party leaders face incentives to reform to undercut the patronage power base of their opponents in the legislature (Geddes, 1996); when such Presidents rise to power in the context of a long-standing fusion between the bureaucratic and political elite, they may

face additional incentives to reform as they are not beholden to bureaucratic elites in the executive intent on opposing reform (Gault & Amparan, 2003). At the same time, however, a range of political outsiders acceding the Presidency have opted for patronage rather than professionalization (Philip & Panizza, 2011). In other words, incumbent outsiders do not necessarily choose to professionalize; instead, they may find it in their advantage to construct parties and mobilize electoral support through patronage. As I shall argue below, their choice critically depends on the institutional allocation of control over patronage, a hitherto omitted explanatory variable.

Studies looking to institutions – understood as the rules of the game – as causes of bureaucratic professionalization have, to-date, narrowed in on, first, electoral institutions and, second, broad differences in systems of democratic governance: presidential vs. parliamentary and unitary vs. federal systems. The evidence for any exogenous causal effect of these institutions is mixed at best, however. Electoral institutions have been argued to incentivize patronage where they personalize electoral contests and facilitate monitoring of patronage contests. Single-member districts may facilitate personalization by enabling voters to unequivocally identify patronage receipts with incumbents (Müller, 2007); open-list systems may incentivize patronage as incumbents compete against not only candidates from other parties – from which they can distinguish themselves through programmatic appeals – but also candidates from their own party; private goods provision, including patronage, then becomes a key differentiation strategy (G. Cox & McCubbins, 2001; Geddes, 1996). Where secret ballots are absent, monitoring that such patronage provision is reciprocated with electoral support becomes particularly feasible (Lehoucq & Molina, 2002). While some case evidence for each of these arguments is available, however, larger-n studies tend to find no causal effect of electoral institutions, be these open-list systems, district magnitudes or secret ballots (see, for instance, Cruz & Keefer, 2013; Gingerich, 2013a; Kitschelt, 2011).

Similarly, the causal effect of broad differences in political systems – be these presidential or parliamentary and unitary or federal systems – is contested. As Gerring and Thacker (2004) point out, parliamentarism may facilitate reform by, among

others, reducing the number of veto actors and clarifying lines of accountability of bureaucrats to a single principal (the executive); moreover, as legislators carry the responsibility of sustaining the government, they may less credibly threaten defection unless granted special benefits, including patronage (see also Gerring, Thacker, & Moreno, 2009). The aforementioned politician's dilemma may thus be less severe under parliamentarism. At the same time, however, Presidential systems feature heads of state elected in national constituencies and thus in need of courting broad-based rather than localized support (Shugart, 1999). They thus provide a counter force to personalized politics and patronage. Against the backdrop of countervailing incentives, several larger-n studies find no effect of these distinct political systems on clientelism or the reform of patronage bureaucracies (Cruz & Keefer, 2013; Kitschelt, 2011).

The effect of the second broad variation in political systems – unitarism vs. federalism – has similarly not seen unequivocal findings. As with parliamentarism, unitarism, by centralizing political power, has been argued to reduce the number of veto points and thus facilitate reform (Gerring & Thacker, 2004). Kenny (2013), in particular, has suggested that decentralized patronage polities complicate bureaucratic professionalization as reform has to proceed across multiple subnational sites, each with their own set of veto actors (see also Grindle, 2012). In contrast, federalists have argued that the concentration of power in unitary states fosters malfeasance – including reliance on patronage – as incumbents face fewer checks and watchdogs keeping patronage at bay (see, for instance, Asare, 2012). A third group of scholars in turn finds no effect of unitarism or federalism (see, for instance, Treisman, 2007). Note that, as with the democracy vs. autocracy debate, diverging scholarly predictions stem in part from diverging (implicit) assumptions about whether *ability* or *incentives* underlie reform. To simplify, in more fragmented polities, incumbents may be less *able* to reform; in more centralized polities, they face fewer *incentives* to do so. Note that the theory I develop in the next chapter favours a fragmentation perspective – albeit focused on hitherto omitted causal mechanisms and sources of fragmentation.

Rather than on political institutions as such, a further set of studies has focused on the threat of their demise through wars and conflicts. Most prominently,

Tilly (1990) has argued that incumbents facing a threat of war choose to professionalize their bureaucracies to enhance their tax capacity and military administration. Conflict, however, has produced institutional demise at least as often as institutional development (Kurtz, 2013). Irrespective of their causal effects, however, inter-state conflicts are unlikely to incentivize reform or patronage in today's developing economies. Wars have been largely absent in most developing regions (see, for instance, Centeno, 2003).

Finally, scholars have posited competing hypotheses regarding the role of fiscal pressures in inducing professionalization. In Johnson and Libecap's (1994) prominent account, rising patronage budgets rather than fiscal pressures incentivize professionalization. Increasing government workforces lead to, first, principal-agent problems as clients (such as local patronage workers) became further removed from patrons at the top of the pyramid (such as Presidents and legislators); and, second, rising transaction costs of patronage appointments which come to consume an increasingly unmanageable share of the time of top patrons. Geddes (1996) in turn argues that larger patronage budgets enable incumbents to secure governability through patronage concessions while, at the same time, retaining appointment powers which may be professionalized.

In contrast, a range of scholars have argued that fiscal crises induce professionalization by, most notably, curtailing the power of actors with vested patronage interests, reducing the availability of patronage resources and thus complicating patronage-based electoral competition (Bunse & Fritz, 2012; Kitschelt, 2007).<sup>8</sup> As a caveat, note that fiscally-induced reforms frequently focus on payroll cuts rather than professionalization (Heredia & Schneider, 2003). In a last set of studies, the incentive effect of increases in patronage budgets is argued to hinge on the source of revenues for the increase. Where such revenues stem from windfalls such as natural resources or development assistance, rentier theorists argue that patronage is fostered.

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<sup>8</sup> Note that some scholars have argued for an opposite effect. Levitsky (2003), for instance, links economic crises to enhanced reliance on clientelist offerings, with crises undoing other electoral linkages.

Incumbents face fewer incentives to construct professional tax administrations and command greater budgets to meet voters' patronage demands (Ross, 2001).<sup>9</sup>

In sum, the literature has put forward an impressive array of supply and demand-side factors to account for professionalization. In the next section, I will critically assess the contributions and limitations of this body of works and derive guideposts for the research in the dissertation.

### **Lessons from the Literature: Unilinear Insights and their Limitations**

Several guideposts for the study of the politics of reform of patronage bureaucracies may be derived from the literature. First, the persistence of patronage is frequently over-determined. Professionalization rather than patronage is thus the major conundrum to be explained.

Second, despite the infrequency of bureaucratic professionalization, scholars have found evidence for the explanatory power of a broad range of factors. The U.S. case is paradigmatic. Scholars have put forward evidence that professionalization was caused by, among others, civic reform movements, principal-agent problems in patronage networks, parity among the two large parties and the desire of lame-duck Presidents to insulate appointees from dismissals (see chapter 8). Professionalization is thus frequently the outcome of, not, single causes, but the interaction of multiple ones. Consequently, valid empirical tests need to incorporate a wide range of explanatory variables to forestall omitted variable biases; in the comparative case study in this dissertation, chapter 6 is thus solely concerned with examining rival explanations.

Notwithstanding the range of potential explanatory variables, professionalization has rarely resulted from demands from collective actors outside the state. The most powerful theories may thus be constructed from the viewpoint of incumbents choosing to supply patronage or professionalization; both supply-side variables and voter preferences have been found to shape the utility of patronage and

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<sup>9</sup> Note, though, that this explanatory factor is not without contention, either. Many states with natural resource endowments have utilized them to support development – including of the bureaucracy – rather than for rentier purposes (Kurtz, 2013).

professionalization and should thus be incorporated in theory construction. Theory development in the next chapter reflects this lesson.

On a related note, most studies account for professionalization – explicitly or implicitly – through shifts in the political costs and benefits of private and public goods respectively. Where the electoral utility of public goods increases or the utility of private goods decreases – be these due to supply or demand-side factors – seeking a more professional bureaucracy to provide more public and fewer private goods becomes more incentive-compatible. To ensure comparability, I will develop the theory in the next chapter based on a similar explanatory approach.

Fifth, theories frequently limit themselves, without explicit recognition, to accounting for either the *incentives* for or the *ability* to reform. Diverging scholarly predictions then stem in part from diverging assumptions about whether *ability* or *incentives* underpins reform. It is axiomatic to note that both are needed. Having said that, I will argue, in the next chapter, for the primacy of executive *incentives* in theory development. The rationale is simple. Executives facing *incentives* to professionalize tend to count on a legal *ability* to do so without consent from other government branches; their political *ability* to professionalize may thus limit the expansion of professionalization across the state, yet – bar exceptional circumstances – not its occurrence.

Beyond the conflation of *incentives* and *ability*, studies share a further, and potentially even graver limitation: they seek to explain the reform of patronage bureaucracies without taking into account differences in either the type of reform pursued or the underlying patronage bureaucracy. Yet, not all reforms are the same, and neither are all patronage bureaucracies. As I shall detail below, moving beyond this *unilinear* view of patronage and its reform clarifies the appropriate dependent variable, resolves competing hypotheses in the literature, reduces omitted variable biases and forms the basis for theory development in the next chapter. I shall make this case for, first, variation in reforms, and, second, variation in patronage bureaucracies.

## *Not all Reform Roads Lead to Weber: Diverging Reforms with Diverging Politics*

With few exceptions (see, in particular, Silberman, 1993), scholars have presented reform as a dichotomous choice, termed as, for instance, patronage vs. professionalization or politicization vs. insulation (see, among many, Lapuente & Nistotskaya, 2009; Ting et al., 2013). Professionalization or insulation then coincides implicitly or explicitly with “Weberianness.” (Evans & Rauch, 1999, p. 748) Note that Weberianness, as understood in these scholarly works, refers not to the broader rational-legal organizational and normative structure of government, but more narrowly to the institutions regulating public personnel. This is not least as “employment relations are at the theoretical core of the concept of Weberian bureaucracy,” with Weber assigning “overwhelming importance to public staff policy.” (Dahlström et al., 2012, p. 42) The Weberian ideal-type bureaucracy thereby consists of three stylized components (Dahlstroem et al., 2011; Weber, 1978). First, lifelong careers with bureaucratic tenure protected from arbitrary dismissal (henceforth: tenure) permit the creation of closed bureaucracies which, through long-term socialization, are thought to generate an ‘esprit de corps’ around impartial, committed and non-corrupt behaviour (Rauch & Evans, 2000). Second, competitive wages coupled with detection mechanisms and sanctions for illicit behaviour are deemed to shift bureaucrats’ incentives away from the temptation of corruption towards public goods provision (Van Rijckeghem & Weder, 2001). And third, meritocratic rather than politicized recruitment and promotion (henceforth: merit) provide for qualified bureaucrats with interests and accountability chains separate to elected officials; as a result, bureaucratic behaviour is oriented towards public goods provision rather than private interests (Alesina & Tabellini, 2007; Dahlstroem et al., 2011).

In most scholarly works, these distinct components of a Weberian bureaucracy are implicitly or explicitly assumed to occur together in practice with reform.<sup>10</sup> This assumption mirrors the literature on state building at-large which, as Silberman (1993, p. 1-2) astutely noted,

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<sup>10</sup> In a somewhat separate literature, scholars construe ‘enclave civil service systems’, ‘pockets of effectiveness’ or ‘islands of excellence’ – the presence of Weberian bureaucracies in some parts of the state,

*“appears to take for granted that rationalization of state authority must take on the particular structural characteristics Weber so acutely observed in Western European societies.”*

Yet, this conflation assumption of distinct components of Weberian ideal-type bureaucracies tends to be empirically unwarranted. A juxtaposition of *merit* and *tenure* may serve to underscore this claim.<sup>11</sup> According to data from a global expert survey – the 2008-2012 Quality of Government (QoG) Survey – merit and tenure are only weakly correlated ( $r=0.34$ ) (Dahlberg et al., 2013; see chapter 8).<sup>12</sup> Regional evidence further substantiates the asynchrony of merit and tenure. To illustrate, in Latin America, a range of countries lack meritocracy in recruitment and promotion, yet feature rigid tenure protections from dismissal (Grindle, 2010).

If merit and tenure reforms do not coincide, however, then their determinants will not do so either. In other words, the politics of merit reforms and the politics of tenure reforms tend to differ. Importantly, part of the dissent in the literature regarding the explanatory role of key variables may be resolved by incorporating this insight; or, in other words, by disaggregating whether scholarly theories account for merit or tenure reforms as their dependent variable. This applies to both supply and demand-side studies.

Consider, on the supply side, several of the competing hypotheses surrounding the role of electoral competition – the variable which has seen most studies and most controversy to-date. In one set of studies, electoral competition is, by introducing political uncertainty, argued to foster reform by incentivizing incumbents to “blanket in” patronage appointees to both secure their continued employment and

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yet not others – as intermediate stages in the continuum from patronage to Weberian bureaucracies (see, for an overview, Leonard, 2010).

<sup>11</sup> Note that I omit competitive wages as a third Weberian ideal-type characteristic from the discussion. With few exceptions (see, in particular, Horn, 1995), the scarce studies touching upon the politics of public wage reforms in patronage states have concentrated on fiscal rather than professionalization reform rationales. As such, they have contributed principally to scholarship on fiscal austerity rather than professionalization (see, for instance, Navia & Velasco, 2003).

<sup>12</sup> Scholars of bureaucracy have, of course, noted that meritocracy and tenure protections may not coincide, not least by identifying open and closed systems in developed economies (see, for instance, Dahlström et al., 2012; Olsen, 2008). Yet, how this lack of concurrence of merit and tenure may affect the determinants of reform of patronage bureaucracies has not been considered.

reduce the amount of patronage available to successors; to enhance the durability of legislative benefits by assuring that sympathetic bureaucrats remain in office; or, beyond locking in the incumbent's political agenda, to maintain bureaucratic incentives to invest in competence where electoral uncertainty thwarts credible future patronage employment guarantees (see, among others, Grzymala-Busse, 2007; Horn, 1995; Mueller, 2009; Ruhil & Camões, 2003; Ting et al., 2013; Van Riper, 1958).

In a second set of studies, electoral uncertainty is argued to thwart reform by reducing the time horizons of incumbents and thus their ability to claim the long-term state capacity benefits and economic gains induced by professional bureaucracies. As a result, the inter-temporal cost-benefit incidence of reforms becomes particularly misaligned: patronage losses are accrued today, while reform benefits become more uncertain (see, among others, Blum, 2014; Bunse & Fritz, 2012; Lapuente & Nistotskaya, 2009).

Note, though, that these are not competing hypotheses, even if they are framed as such (see, for instance, Lapuente & Nistotskaya, 2009); instead, they are hypotheses to account for distinct dependent variables. Locking in political agendas and legislative deals, blanketing in partisans, providing long-run employment guarantees to incentivize bureaucratic competence investments and constraining the patronage budgets of successors all require, principally, tenure protections for patronage appointees rather than meritocratic recruitment and promotion. Instead, reaping the long-term public goods benefits of bureaucratic professionalization requires, principally, skilled bureaucrats through meritocratic recruitment and promotion rather than tenure.

Similarly, on the demand-side, the causal role of collective actors may be better understood by disaggregating merit or tenure. To illustrate, bureaucrats are more likely to focus on tenure protections from dismissal as a tangible and immediate benefit to them (Grindle, 2012). In contrast, civic reform coalitions, businesses and donors may be expected to prioritize a more professional bureaucracy through meritocratic recruitment and promotion. One donor report, for instance, went as far as terming the hijacking of merit reforms to produce benefits for bureaucrats – including tenure – the “merit trap.” (Shepherd, 2003, p. 16)

Part of the dissent in the literature is thus resolved by disaggregating merit and tenure into two distinct dependent variables. Following this logic, I will examine the politics of merit and tenure reforms separately in the dissertation. At the same time, theory development and testing in chapters 4 to 6 will focus on merit reforms; the determinants of tenure reforms are solely discussed as an extension of the theory in chapter 7. The rationale for focusing on the determinants of merit is straightforward: merit rather than tenure is statistically associated with enhanced public goods provision and development at-large. More specifically, merit has been associated with better service delivery quality, lower corruption and economic growth (Dahlstroem et al., 2011; Meyer-Sahling & Mikkelsen, 2014; Rauch & Evans, 2000; World Bank, 2003). By contrast, the cross-country studies find no consistent effect of tenure protections on positive development outcomes.<sup>13</sup>

Intuitively, the differential development impacts of merit and tenure may be very much expected. Both merit and tenure reduce patronage powers, by doing away with discretion over recruitment and promotion (merit) and dismissal (tenure). Yet, tenure is unlikely to enhance bureaucratic capacity or reduce corruption without merit; instead, it simply perpetuates in their positions patronage appointees who are often only partially qualified for their positions and owe loyalty to political patrons. Instead, merit may be expected to both de-politicize and professionalize bureaucracies. Merit not only promises the recruitment and promotion of personnel with the requisite professional qualifications for their positions (Evans & Rauch, 1999). It also alters the bureaucratic chain of accountability. Bureaucrats become less committed to political patrons – to whom they no longer owe their positions – and more committed to rules of performance (Dahlstroem et al., 2011; Grindle, 2012). I thus use the terms *merit* and *professionalization* interchangeably in this dissertation.

Note that this should not be understood as an unconditional eulogy for a neutral bureaucracy. It is, of course, natural and legitimate that politicians direct state institutions (Ingraham, 1995). In this context, patronage appointments at the top

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<sup>13</sup> Similarly, the effect of competitive wages is either nil or contested in statistical studies (Dahlstroem et al., 2011; U. Panizza, 2001; Rauch & Evans, 2000; Van Rijckeghem & Weder, 2001).

offer a democratic form of institutionalised political control (Page & Wright, 2007); and Western countries have expanded rather than constrained patronage in the last two decades (Kopecky et al., 2012; Peters & Pierre, 2004). Yet, in the patronage bureaucracies of interest in this dissertation, patronage is the “generalized rule of the game for holding non-elected government positions,” be it legally recognized or established by custom (Grindle, 2010, p. 3). In other words, patronage is the principal route to public jobs across all hierarchies – rather than only at the top where democratic control may legitimize it.

As such, patronage bureaucracies also do not offer themselves to New Public Management (NPM)-inspired reforms – such as the decentralization of personnel functions – as a competing path to professionalization (Kellough & Selden, 2003). Typically characterized by weak rule of law, patronage bureaucracies lack a critical precondition to implement NPM reforms (Schick, 1998). Unsurprisingly then, statistical studies find that more flexible, NPM-inspired recruitment schemes do not contain patronage where risks of abuse are high (Sundell, 2014). In the words of Gaebler, “you have to invent government before you can reinvent it.” (Heredia & Schneider, 2003, p. 8)

At the same time, however, not all un-invented governments are the same. Next to conflating distinct Weberian reforms into a single dependent variable, studies have also conflated distinct patronage bureaucracies. How this conflation has added to dissent in the literature and forfeited an opportunity for theory development is discussed next.

### *Not all Patronage Bureaucracies Share Spoils Identically: Diverging Patronage Control and Diverging Reform Incentives*

As the second key repercussion of the literature’s *unilinear* view of patronage and professionalization, patronage bureaucracies are assumed to not vary. In other words, all patronage bureaucracies are thought to provide incumbents with, *ceteris paribus*, the same incentive structure for professionalization or patronage.

Patronage bureaucracies may, *prima facie*, be expected to provide homogenous incentive structures: they each facilitate the provision of private rather than public goods (see chapter 3). At the same time, however, they vary in the institutions allocating control over these private goods benefits. This has, of course, been recognized in studies of patronage, which emphasize conflict of competing patrons over patronage control (see, among many, Grindle, 2012; Scherlis, 2010); and the role of institutions in biasing control over patronage (Calvo & Murillo, 2004). Moreover, competition of control over the bureaucracy has, more generally, been central to, in particular, theories of delegation in U.S. scholarly works. In these accounts, executive-legislative conflicts are argued to have induced reforms to, among others, introduce extensive formalization and reduce bureaucratic shirking (see, among many, McCubbins, Noll, & Weingast, 1987; Moe & Caldwell, 1994).

Yet, perhaps surprisingly, scholars have not put forward theories linking institutional structures allocating patronage control with the professionalization of patronage bureaucracies (but see Grindle, 2012; Kenny, 2013). This lack of consideration of the explanatory power of institutional variation mirrors an omission in the study of clientelism at-large. To-date, as reviewed above, scholars have limited themselves to examining the causal effect of electoral institutions and broad differences in political systems: presidential vs. parliamentary and unitary vs. federal systems. Causal effects, however, have either not been identifiable or contested. These institutions are then found to be “not particularly useful” in accounting for clientelism and its demise (Kitschelt & Wilkinson, 2007a, p. 44). At the same time, “whether other democratic institutions may have an impact ... has been less well specified and explored” (Kitschelt, 2011, p. 1). Note that this reflects a more general omission: “it is striking that the question of executive organization and its effect on the quality of governance has received so little ... analysis.” (Gerring et al., 2009, p. 328)

Intuitively, we may expect the more fine-grained, hitherto omitted variation in institutions allocating patronage control to shape executive reform incentives much more immediately than the broad variation in political systems or electoral institutions scholars have focused on to-date. Where institutions shift

patronage benefits to electoral challengers in control of other government branches or public employees – rather than incumbents and their allies – the electoral utility of patronage bureaucracies to executive incumbents is much reduced – and their incentives to replace it with a professional bureaucracy enhanced. In the next chapter, I develop this intuition into a full-fledged theory of reform of patronage bureaucracies and detail the method to test it.

Prior to doing so, a brief note on how variation in the institutional allocation of patronage control resolves competing hypotheses in the literature reviewed in this chapter is due. Consider, first, the case of electoral competition which, as aforementioned, incentivizes professionalization in some studies, yet thwarts such reform in others. Intuitively, we may expect electoral competition to incentivize professionalization where institutions deprive incumbents – yet not their competitors – of patronage control. Where incumbents monopolize control over patronage, however, electoral competition thwarts reform by incentivizing incumbents to utilize this disproportionate control to their advantage in the mobilization of votes.

Similarly, the patronage or professionalization choice of the increasing number of political outsiders coming to power, in particular in Latin America (see Carreras, 2012), is shaped by their ability to claim the spoils of the state. As aforementioned, studies have yielded contradictory results as to whether we may expect outsider Presidents to professionalize to deprive opponents of patronage control, or politicize to develop their own patron-client networks. Contradictory findings are resolved when considering the interaction of political outsiders with institutions allocating patronage control. Where institutions monopolize control in the Presidency, political outsiders face incentives to utilize this control to their advantage in the construction of a political support base; where institutions shift patronage control away from the Presidency towards electoral challengers, outsiders face incentives to professionalize to undercut challengers' patronage access.

With these linkages clarified, a much more precise delineation of the theory and the underlying conceptualization of the institutions allocating patronage control is due. It is to this task that I turn in the next chapter.

# 3

## Institutional Incentives for Professionalizing Patronage States: **Theory and Method**

To conclude part 1 of this dissertation, this chapter lays out its theory and method. The chapter, first, develops a theory which links institutions allocating patronage benefits with incumbent reform incentives; second, shows that a comparative case study is the most appropriate method for theory testing; and third, details the case selection and data collection underlying the comparative case study in part 2 of this dissertation.

### **Theory Development: Institutional Incentives for Professionalizing Patronage States**

For theory development, I borrow from rational choice institutionalism (RCI) and conceptualize actors as self-interested utility-maximizers, deploying strategic behaviour to attain a set of goals determined by an exogenously-specified preference function (Shepsle, 2010). Institutions – the rules of the game – shape actors' incentives and constraints (Hall & Taylor, 1996); they affect the availability and utility of patronage and professionalization. Contrary to many RCI accounts, I will, however, probe into the empirical validity of the assumptions underlying the theory, test rival explanations and clarify the theory's causal mechanisms and scope conditions (see, among others, Weyland, 2002 for a corresponding critique of RCI). Given the diversity and nuance of the theorized causal mechanisms (see table 3.2), I will similarly – and contrary to many RCI accounts – not rely on a simplified formal model. Beyond borrowing from RCI, theory development will take an important cue from prior works (see chapter 2): centre stage is given to incumbents opting for patronage or professionalization as a function of voter preferences for private and public goods on the one hand, and supply side variables on the other.

The overall theoretical argument I will develop with these building blocks is straightforward: institutions which shift patronage control away from incumbents in the executive enhance their incentives to professionalize. Three causal mechanisms are at play. When institutions deprive incumbents of patronage control, they face incentives to (1) professionalize to cut off patronage access of electoral challengers; (2) shift electoral competition towards public goods provision; and (3) elicit cooperation from tenured appointees of preceding incumbents.

The theory thus suggests that differences across patronage bureaucracies and, in particular, across institutions allocating patronage control may shape reform incentives. As I will demonstrate, institutions thereby exert an independent causal effect: the factors originating them differ from those originating professionalization. Moreover, the scope conditions and assumptions underlying the link between institutions and reform are plausible in a range of contexts. The institutional origins of professional bureaucracies may thus lie in patronage states.

The patronage control theory thus adds an important and previously overlooked explanatory variable – institutions allocating patronage control – to studies of patronage reform. Not less important, it helps resolve scholarly dissent regarding the causal effect of key variables such as electoral competition and the rise to power of political outsiders (see chapter 2). To develop this theory, I proceed in two steps. I, first, discuss the theory's assumptions, main hypothesis and causal mechanisms; subsequently, I detail the theory's observable process implications and scope conditions, and justify the underlying assumptions.

### *Institutions Allocating Patronage Control and the Reform Incentives of an Electoral Utility-Maximizing Incumbent*

Theory development is undertaken from the view point of an electoral utility maximizing incumbent President or Prime Minister (henceforth: incumbent). As a prerequisite to achieve other long-run objectives in office, the incumbent is assumed to seek re-election for himself and/or his party in a competitive democracy. To mobilize electoral support and fend off intra-party or inter-party challengers, an incumbent may

utilize the state to provide public and private goods to voters. Public goods are understood as collective and non-excludable benefits. In contrast, private goods are excludable benefits restricted and targeted to specific constituents. The receipt of private goods may be conditioned on the provision of electoral support to the incumbent (see, among others, Reid & Kurth, 1988; Remmer, 2007; Shefter, 1993 for similar distinctions). As electoral utility-maximizers, incumbents will supply the mix of private and public goods which maximizes electoral support in light of voter demands and budget constraints.

Professional and non-professional (patronage) bureaucracies are assumed to differ in the amount of private and public goods they provide. Statistical evidence suggests that professional bureaucracies count on more bureaucratic capacity (Dahlstroem et al., 2011; Rauch & Evans, 2000). Consequently, public service delivery is strengthened, and the amount of public goods states provide to voters is enhanced. This link between professionalization and enhanced public goods provision is corroborated empirically by, among others, Rauch (1995) and Nistotskaya (2009). In contrast, non-professional bureaucracies, in which personnel decisions are based on patronage guided by political or personal considerations, enhance the private goods incumbents may supply to voters.<sup>14</sup>

In patronage bureaucracies, patronage – jobs, promotions and pay rises – is frequently the major private good to court electoral support.<sup>15</sup> In Latin America, for instance, personnel spending claims 41 percent of central government tax revenues (IDB, 2014). Moreover, public sector wage premiums exist for all but the most qualified personnel (Mizala, Romaguera, & Gallegos, 2011). Non-wage benefits – free housing, moonlighting and opportunities for corruption, for instance – further augment these premiums (Emrich-Bakenova, 2009; Gorodnichenko & Sabirianova Peter, 2007; Grzymala-Busse, 2007). By contrast, in professional bureaucracies, incumbents may

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<sup>14</sup> As a caveat, where private goods are impartial rather than clientelist transfers conditioned upon reciprocal electoral support, professional bureaucracies may increase their provision.

<sup>15</sup> As noted in chapter 2, patronage appointees may, at least in a subset of positions, also control and facilitate the private goods-oriented provision of state services.

mobilize electoral support through public goods: better public services provided by more qualified and performance-oriented bureaucrats.

I shall show that, whether incumbents face incentives to rely on private or public goods for electoral mobilization is shaped by whether institutions empower them to control patronage. If prior scholarly works were taken at face value, this argument should have little relevance. In Latin America, for instance, “the tendency to ... assume ... as a given ... that the president should be the custodian of administrative authority ... is deeply rooted.” (Ferraro, 2008, p. 121) Yet, the resulting belief that presidents “monopolize” patronage – as Geddes (1996, p. 13) and many others suggest – is empirically not well-founded. In patronage bureaucracies in Latin America and elsewhere, incumbents face two types of institutions which allocate patronage benefits to other institutional actors.<sup>16</sup>

First, institutions may shift control over (parts of) patronage to other government branches – and, as a result, to electoral challengers when these control non-executive branches; and second, institutions may shift (part of) the private goods benefits of a patronage bureaucracy towards public employees – without obligating them to provide reciprocal political support to the incumbent. As I demonstrate below, both of these institutions deprive incumbents of patronage; and neither professionalizes the bureaucracy. Incumbent public goods provision thus remains unaltered. The dissertation’s main hypothesis builds on these insights:

*Institutions depriving incumbents of patronage control reduce the electoral utility of patronage bureaucracies to them and enhance their incentives to professionalize.*

Prior to linking them with reform incentives, each of the institutions depriving incumbents of patronage control shall be outlined (table 3.1). Recall to this end that I defined patronage as discretionary power over recruitment, promotion, pay and dismissal.

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<sup>16</sup> Note that, in this dissertation, the inability of incumbents to control patronage does not refer, as in R. Johnson & Libecap (1994), to principal-agent problems in the control of appointees but rather to an inability to take charge of discretionary personnel decisions.

With this in mind, institutions may shift control over recruitment, promotion and pay as well as the setting of the patronage budget at-large to the legislature.<sup>17</sup> Most intuitively, legislatures may be empowered to define the personnel budget – and thus the patronage budget. Legislators count on such faculties in budget approval in roughly two-thirds of 97 countries surveyed (International Budget Partnership, 2013).<sup>18</sup> Moreover, legislatures may be empowered to control the creation of individual positions. In Latin America, for instance, 2 of 15 legislatures surveyed count on these faculties (Manning & Lafuente, 2010).<sup>19</sup> When holding powers over patronage budgets or the creation of positions, legislatures may – when controlled by challengers – withhold patronage budgets or the creation of positions unless incumbents grant them in return powers to fill some of the new vacancies. Alternatively, challengers may shift patronage budgets and new positions to non-executive branches under their own control. Additionally, institutions may assign legislatures direct control over appointments to, for instance, the diplomatic corps and public enterprises.

Next to recruitment, institutions may shift control over the determination of remuneration and promotions to the legislature. In five of fifteen surveyed Latin American countries, for instance, legislatures may approve pay increases beyond executive proposals; in two of the countries, legislatures are empowered to assign individual pay as well as promote personnel *de facto* through salary re-categorizations (Manning & Lafuente, 2010).

Beyond the legislature, institutions may shift patronage control to other government branches. To illustrate, according to the Political Constraints Index, over 30 percent of 183 countries counted on independent judiciaries with, concomitantly, proper authority over public personnel decisions; and roughly 8 percent of countries

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<sup>17</sup> Note that this assumes that institutions depriving incumbents of patronage control are binding: incumbents may not informally circumvent or ignore them through, for instance, off-budget recruitment or the creation of new institutions under incumbent control (see, for instance, Grzymala-Busse, 2007). I demonstrate the plausibility of this assumption under the theory's scope conditions further below.

<sup>18</sup> Based on counting a dummy variable which assumes the value of one where all expenditures in the budget are presented by economic classification and the value of zero where none or only some expenditures are presented by economic classification.

<sup>19</sup> Large-n data on legislative faculties to create individual positions and assign individual pay is regrettably unavailable.

counted on independent sub-federal units imposing substantive constraints on national spending (Henisz, 2010). In some of these countries, the lion share of patronage budgets is transferred to sub-national governments (Calvo & Murillo, 2004).

**Table 3.1 Institutions Depriving Incumbents of Patronage Control<sup>20</sup>**

	<b>Institutions Shifting Patronage Control to Other Government Branches</b>	<b>Institutions Shifting Private Goods Benefits to Public Employees</b>
<b>Determination of patronage budget</b>	<ul style="list-style-type: none"> <li>▪ Legal regulations allocate control over determination of personnel budget and/or creation of positions to legislature</li> <li>▪ Legal regulations grant centralized and de-centralized government branches independent authority over patronage budgets</li> </ul>	
<b>Recruitment</b>	<ul style="list-style-type: none"> <li>▪ Legal regulations allocate control over recruitment in executive and/or non-executive institutions to legislature or other non-executive institutions</li> </ul>	
<b>Remuneration</b>	<ul style="list-style-type: none"> <li>▪ Legal regulations allocate control over determination of individual or collective pay to legislature</li> </ul>	<ul style="list-style-type: none"> <li>▪ Legal regulations such as pay rises indexed to inflation</li> <li>▪ Collective pay rises through union<sup>21</sup> bargaining</li> </ul>
<b>Promotion</b>	<ul style="list-style-type: none"> <li>▪ Legal regulations allocate control over promotions to legislature</li> </ul>	<ul style="list-style-type: none"> <li>▪ Legal regulations such as automatic promotions based on seniority</li> </ul>
<b>Dismissal</b>		<ul style="list-style-type: none"> <li>▪ Legal regulations protecting tenure of employees, including those appointed by prior incumbents</li> <li>▪ <i>De facto</i> protections through union action against dismissals</li> </ul>

Source: author's own elaboration

<sup>20</sup> For analytic simplicity, these institutions are *stylized*. Several lesser dimensions of patronage control – such as discretion over pensions, sanctions or horizontal transfers – are excluded. While this exclusion leaves the overall theoretical argument unaffected, empirical analyses which exclude these dimensions may be incomplete. In particular cases, these dimensions can be important (see, for instance, Smith, 1979; Wade, 1985). The case comparison in chapters 4 to 6 will thus take them into account.

<sup>21</sup> Note that some professional groups – such as doctors and policemen – may be organized in associations other than unions. For terminological simplicity, I refer to any collective organization of public employees as ‘union’.

Beyond allocating patronage control to government branches beyond the executive, institutions may shift part of the benefits of patronage bureaucracies to public employees. First, institutions may protect the tenure of employees. With their tenure protected, employees can claim the patronage bureaucracies' wage premiums until retirement without reciprocal bureaucratic or electoral service provision.<sup>22</sup> While a greater share of the private goods benefits of patronage bureaucracies thus accrue to public employees, patronage budgets of incumbents are reduced. They are unable to dismiss patronage appointees of preceding incumbents and replace them with appointees of their own.

Tenure protections are not uncommon in patronage bureaucracies. They may arise from *de jure* reform: the introduction of tenure laws, their judicial enforcement and legislative opposition to undo them; and *de facto* reforms: the emergence of unions with sufficient collective action capacity to forestall dismissals. Tenure introductions thereby often represent “frustrated attempts ... to develop a classic Weberian bureaucracy: public servants enter via more political than meritocratic criteria, but ... have stability.” (Echebarría, 2006, p. 8) According to expert survey data, public employees enjoy such job stability in 63 percent of the 54 countries in which political criteria trump merit criteria in personnel selection (Dahlström, Lapuente, & Teorell, 2011).<sup>23,24</sup>

Lastly, public employees may benefit from formal (*de jure*) and informal (*de facto*) institutions constraining incumbent power over pay and promotions. Legal

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<sup>22</sup> Note that I conceptualize tenure protections as rigid job stability except for cases of grave misconduct. The weak rule-of-law contexts characteristic of patronage bureaucracies preclude flexible tenure protections which condition job stability on, for instance, satisfactory performance and conduct; incumbents may utilize this flexibility to dismiss personnel discretionarily. As a result, unions and, at times, courts protect rigid job stability. They resist dismissals except where demonstrated grave misconduct de-legitimizes resistance.

<sup>23</sup> Based on counting a dummy variable which assumes the value of one (and zero otherwise) where average country expert responses exceed the mean of the scale for the survey question “Once one is recruited as a public sector employee, one stays a public sector employee for the rest of one’s career?”

<sup>24</sup> Next to benefiting employees, tenure may enhance electoral support for predecessors of incumbents – and, thus, potentially electoral challengers. As Grindle (2012, p. 23) notes, “the initial [recruitment] contract implies obligations to the personal and the political, even if tenure is regulated through collective agreements or regulatory mechanisms.” As a result, “a waning party ... will still be able to call upon loyalists in the bureaucracy for a number of years.” (Geddes, 1996, p. 105); and incumbents inheriting tenure-protected employees “feed the supporters and organization of their political competitors.” (Meyer-Sahling, 2006c, p. 278)

regulations may, for instance, index salaries and promotions to seniority – and be binding where legislatures and courts sustain and enforce them (see also Meyer-Sahling, 2006b). Collective action by unions may bring about further salary increases. In conjunction, these institutions enhance wage premiums of public employees and decrease incumbent patronage budgets – without a reciprocal increase in employee support to the incumbent.<sup>25</sup> As with the previous institutions, such constraints vary across patronage bureaucracies. To illustrate, roughly 30 percent of countries in which political criteria trump merit criteria in the selection of personnel have signed the International Labour Organization (ILO) Convention 151 which provides public employees with legal guarantees to organize and bargain collectively (Dahlström et al., 2011; ILO, 2013).<sup>26</sup>

In sum, patronage bureaucracies vary widely in the institutional allocation of patronage control. The extent to which incumbents, challengers and public employees benefit from patronage bureaucracies thus varies no less. Where institutions deprive incumbents and their allies of patronage control, incumbents count on less patronage to mobilize electoral support; challengers count on more patronage; and/or public employees derive greater benefits without reciprocal support.

For incumbents, the loss of electoral utility from institutions depriving them of patronage control is unambiguous. Such institutions deprive them of patronage, yet do not professionalize the bureaucracy – and thus do not increase the amount of public goods incumbents can provide to court electoral support. The criteria for appointing personnel are no more likely to prioritize professional qualifications when challengers control appointments. Public employees are thus no more qualified. At the same time, institutions benefiting public employees – such as tenure protections and more competitive salaries – are not statistically associated with enhanced public goods provision in cross-country studies (see, among others, Dahlstroem et al., 2011).

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<sup>25</sup> Two assumptions underlie this claim. First, collective salary increases are not granted by the incumbent in exchange for electoral support; and second, incumbents may not undermine generalized salary increases by discretionarily adjusting other salary components – such as base pay or salary complements.

<sup>26</sup> This is, of course, but a proxy for collective bargaining. The ILO Convention may not always be enforced; non-signature countries may still count on domestic legislation authorizing collective bargaining; and collective bargaining may take place *de facto* without supporting legal frameworks.

Institutions which deprive incumbents of patronage control thus also deprive them of part of their electoral mobilization capacity. As I shall argue next, this enhances the incentive compatibility of professionalization: professionalization enables incumbents to reclaim part of the lost electoral mobilization capacity.

*Causal Mechanisms: From Institutions Allocating Patronage Control to Bureaucratic Professionalization*

Three causal mechanisms are at play (table 3.2). Institutions depriving incumbents of patronage control incentivize them to professionalize patronage bureaucracies to: first, deprive challengers of patronage control; second, elicit public goods provision from tenured employees *and* sever their loyalties to preceding incumbents; and, third, compete electorally based on public goods where challengers disproportionately control patronage – and the incumbent may thus not secure electoral victory based on patronage alone.

**Table 3.2 Causal Mechanisms**

	<b>Institutions</b>	<b>Causal Mechanisms</b>
<b>I</b>	<b>Institution shifting patronage control to other government branches</b>	<ul style="list-style-type: none"> <li>▪ Professionalization to deprive challengers of private goods provision and enhance public goods provision associated with incumbent</li> </ul>
<b>II</b>	<b>Institution shifting private goods benefits to public employees</b>	<ul style="list-style-type: none"> <li>▪ Professionalization to elicit public goods provision from tenured employees and deprive preceding incumbents of electoral support from their tenured appointees</li> </ul>
<b>III</b>	<b>Institutions (I and/or II) depriving incumbent of patronage control</b>	<ul style="list-style-type: none"> <li>▪ Professionalization to compete electorally based on public goods where challengers disproportionately control patronage</li> </ul>

Source: author's own elaboration

Most axiomatically, where institutions shift patronage control to challengers, incumbents face incentives to professionalize the personnel decisions controlled by challengers. Reform would cut off challengers' patronage access, while enhancing the state's public goods provision. With a national constituency, incumbents may disproportionately claim credit for enhanced public goods provision with voters

(see, among many, Mayhew, 1974; Moe & Wilson, 1994). Reform is thus unambiguously electoral utility-maximizing for incumbents.

Nonetheless, the scope condition of this mechanism may appear to be relatively restrictive: professionalization proceeds when incumbents are *unable* to appropriate control of patronage, yet *able* to reform. This scope condition is met in multiple contexts, however. To illustrate, incumbents are, at times, unable to claim legislative patronage powers, but able to impose generalized conditions of employment – including meritocratic recruitment and promotion. They may also be unable to reclaim local patronage powers, but able to mandate nationwide examinations (see chapters 5 and 8).

Where institutions shift the benefits of patronage bureaucracies to public employees, a second causal mechanism may be activated: professionalization to elicit public goods provision from tenured employees *and* to deprive preceding incumbents of electoral support from their tenured appointees. With tenure, the amount of patronage relative to public goods which incumbents could provide through patronage and professional bureaucracies respectively declines. This is as, under tenure, patronage is constrained to new recruits. The ‘bureaucratic stock’ is off limits: incumbents may no longer dismiss and replace appointees of predecessors.<sup>27</sup> Yet, with professionalization, public goods provision may be courted from new recruits *and* a fraction of the bureaucratic stock. Even when patronage is the rule of the game, a fraction of tenured employees will count on professional qualifications. Assuming this fraction is motivated by career concerns, meritocratic contests may elicit performance and public goods provision from it.<sup>28</sup> As Meyer-Sahling (2004, p. 76) puts it, “an incoming government can benefit from taking advantage of existing bureaucratic expertise if it chooses to work with inherited bureaucrats ... it will only be able to tap their expertise if it can credibly commit itself not to meddle with bureaucratic careers, that is, not to exercise

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<sup>27</sup> More accurately, patronage powers extend beyond new recruits also to pay rises and promotions. This simplification does not detract from the argument, however.

<sup>28</sup> Tenured employees may face a further incentive to compete in examinations: a perception of enhanced neutrality. Career advancement under distinct administrations increases “their acceptability to differing political factions and thus their prospects for promotion over the longer haul.” (Horn, 1995, p. 98)

political discretion over personnel policy.”<sup>29</sup> This does not imply that professionalization is invariably utility-maximizing. It entails a patronage loss to incumbents. Yet, this loss is smaller than without tenure – while, as noted, a relatively larger amount of public goods may be provided through professionalization. Professionalization thus becomes *more* incentive-compatible.

This incentive compatibility is further enhanced where professionalization reduces incentives of tenured appointees to electorally support the prior incumbent who had appointed them; professionalization provides tenured appointees with an alternative means to secure career advancement. Professionalization may thus both sever patron-client linkages of challengers and enhance incumbent public goods provision. To illustrate, Geddes (1996, p. 145) finds that “performance as the basis for promotion ... gives bureaucrats incentives to work hard and may even persuade those with opposing party loyalties (hired by previous administrations) to direct their efforts toward goals set by the current president.”

The third causal mechanism builds on and complements the first two. Where institutions deprive incumbents to such an extent of patronage control that challengers may outspend them on patronage in electoral campaigns, incumbents are, *ceteris paribus*, unable to compete electorally solely based on patronage. As a consequence, they face greater incentives to professionalize to mobilize electoral support based on public goods provision.<sup>30</sup> Challengers controlling most patronage may outspend incumbents on private goods in a “bidding war dynamic” (Stokes, 2005, p. 324) – yet not on public goods. As aforementioned, voters identify broad public goods disproportionately with incumbents, granting incumbents “a virtual monopoly on this weapon in the political game,” not least where such public goods are provided through new Presidential programs (Geddes, 1996, p. 141). As with the second causal mechanism, however, this does not imply that professionalization is invariably utility-

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<sup>29</sup> As a result, the professionalization of promotions to elicit performance from appointees of predecessors is unlikely to be credible unless recruitment is similarly professionalized. Only absent new patronage recruits will appointees of predecessors perceive a level playing field for merit-based promotions.

<sup>30</sup> In the first two causal mechanisms, by contrast, institutions may add to incumbent reform incentives even when incumbents still control most patronage.

maximizing. Seeking to compete electorally based on public goods presupposes a marginal electoral utility of the latter. Where voters do not value public goods receipts, the mechanism will not be activated.<sup>31</sup>

Also note that this mechanism is reminiscent of – but differs from – Shefter’s (1977, p. 415-417) prominent account of the effect of democratization on professionalization: “Leaders ... [who do] not enjoy access to governmental ... sources of patronage ... will find it necessary to rely upon other appeals to mobilize their supporters;” in contrast, “elites ... in a position to use the resources of the state to acquire a mass base ... will have every incentive to make use of that advantage.” Reminiscence notwithstanding, Shefter’s argument is fundamentally distinct. Shefter argues that leaders lack patronage access as they either do not occupy office or bureaucracies are professionalized. By contrast, I show that incumbents may occupy office in patronage states and still be deprived of most patronage control. Moreover, Shefter explains why professionalization is *maintained* with democratization. By contrast, I explain why professionalization is *introduced* in democratic regimes. As most countries in the world did not count on professional bureaucracies in their democratic transitions, the latter *explanandum* is arguably the more relevant one.

#### *Observable Process Implications: Locus and Sponsors of Professionalization*

To enhance the theory’s robustness (see Collier, 2011; King, Keohane, & Verba, 1994), observable process implications shall be made explicit about where professionalization should occur, and who should support it.

For the reform locus, we may expect incumbents to seek professionalization where electoral utility gains due to increases in incumbent public goods provision and decreases in challenger patronage powers outweigh electoral utility

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<sup>31</sup> Note that the causal mechanism does not imply that incumbents who monopolize patronage control would not find patronage to be the vote-maximizing strategy. What it presupposes instead is that, when unified challengers disproportionately control patronage, the electoral utility gains incumbents reap from enhanced public goods provision thanks to professionalization can be sufficiently large to offset electoral utility reductions from patronage losses.

losses due to decreases in incumbent patronage powers.<sup>32</sup> With this in mind, predictions for each of the causal mechanisms can be derived.

Most axiomatically, the first causal mechanism suggests that professionalization will narrow in on positions controlled by challengers. For the second mechanism, predictions are more nuanced. Professionalization will focus on institutions with the greatest share of: tenured appointees relative to new recruits to minimize incumbent patronage losses;<sup>33</sup> qualified tenured appointees to maximize incumbent public goods gains; and tenured appointees likely to sever loyalties to prior incumbents to maximize challenger losses. Within these institutions, tenure protections will incentivize professionalization principally for mid-level officials. These officials are most likely to seek career advancement through examinations; count on competencies to provide public goods; and occupy technical positions with limited rent access. In contrast, few public goods gains may be expected from examinations for assistants, cleaners and other low-level staff (Gault & Amparan, 2003). Similarly, professionalization of top-level staff runs into disincentives: trust concerns vis-à-vis top-level appointees of preceding incumbents in conjunction with greater private goods losses due to access to larger rents (Ferraro, 2006; Scherlis, 2010).

Analogous predictions for the third mechanism can be made. An incumbent unable to compete electorally based on patronage faces incentives to focus professionalization on mid-level positions in institutions offering the electorally most useful public goods gains for the smallest patronage losses – be these economically

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<sup>32</sup> As a flipside, incumbent reform incentives will also be shaped by where in the bureaucratic hierarchy incumbents are institutionally deprived of patronage control. *Ceteris paribus*, higher-level positions will implicate greater patronage losses and greater public goods gains with professionalization. An analogous argument to the one in the text may thus be posited. The first causal mechanism will be activated at any level of the hierarchy; the second principally when institutions deprive incumbents of patronage control over mid-level officials; and the third when incumbents retain the ability to professionalize (some) mid- and high-level positions with electorally-relevant public goods gains - even though institutions deprive them of most patronage control.

<sup>33</sup> As a caveat, note where tenure protects almost all employees, professionalization could be disincentivized. The few remaining patronage powers may be required to secure control of a bureaucracy permeated by appointees of predecessors (see Meyer-Sahling, 2008). The theorized causal mechanism thus does not apply to contexts where patronage is a prerequisite for bureaucratic control rather than a means for electoral mobilization.

crucial public finance institutions (Geddes, 1996) or institutions delivering public services highly valued by voters, for instance (R. Johnson & Libecap, 1994).<sup>34</sup>

One further observable reform process implication may be derived. As Benjamin Buder, one of the great U.S. spoilsman, put it: “civil service reform is always popular with the ‘outs’ and never with the ‘ins’.” (quoted in Hoogenboom, 1961, p. ix) As a consequence, “members from the president’s party [are] the demanders of patronage while those from the opposition [are] more interested in restricting it.” (R. Johnson & Libecap, 1994, p. 50) Where institutions deprive incumbents of most patronage control, however, we should expect this prediction to be turned upside down: incumbents will seek professionalization while challengers in the opposition will resist it.

#### *Scope Condition: Political Fragmentation*

Two scope conditions are implicit in the theoretical framework: patronage is central to electoral mobilization and the electoral context is competitive. One further scope condition needs to be made explicit: political fragmentation.<sup>35</sup> Institutions allocating patronage control to other government branches only deprive incumbents of patronage control where challengers rather than allies of the incumbent are in control of these branches (*inter-institutional political fragmentation*). In the case of the legislature, for instance, this scope condition is frequently met. To illustrate, in Latin America, 46 percent of governments from the late 1970s to 2000 held a legislative minority position (Neto, 2006). Institutions shifting the benefits of patronage bureaucracies to (tenured) employees in turn deprive incumbents of patronage in particular where challengers appointed (most) employees. Incumbent turnover is a prerequisite for this (*inter-temporal political fragmentation*).

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<sup>34</sup> As the three causal mechanisms are complementary, incumbents may advance professionalization in all of the specified loci when institutions deprive them of patronage control.

<sup>35</sup> Note that the theory makes no attempt to endogenize the causal factors bringing about these scope conditions. Instead, change – for instance the election of a minority President – is exogenous. What the theory does account for are the institutional conditions under which such change is more likely to incentivize professionalization.

### *Theoretical Assumptions: Validity and Plausibility*

While the case comparison in chapters 4 to 6 will examine the validity of theoretical assumptions, the external validity of any theory hinges on the plausibility of its underlying assumptions for a wider range of cases. Thus, the theory's key assumptions shall be made explicit and justified.

The theory, first, places its analytic focus on executive incumbents choosing patronage or professionalization – to the detriment of other institutional actors. As such, the theory presumes that incumbents are *able* to professionalize when facing *incentives* to do so. The rationale is straightforward. While incumbents differ in their ability to professionalize personnel decisions controlled by challengers, incumbents are usually legally empowered to professionalize personnel decisions under their own control without authorization from other government branches. All Latin American countries, for instance, count on civil service legislation which permits meritocratic personnel selection (Grindle, 2010). As I detail in chapter 4, even where such legislation is nonexistent, the absence of directives tends to provide incumbents with unilateral residual decision rights on how to select personnel (see also Moe & Wilson, 1994). Incumbents thus tend not to face institutional veto<sup>36</sup> players when seeking to professionalize personnel decisions under their own control. As a result, incumbents share a (legal) *ability* to introduce professionalization, yet may differ in their *ability* to expand professionalization across all of the state when facing *incentives* to do so.

This assumption is important not least as it yields a theory with a prediction juxtaposed to prior work. Kenny (2013, p. 5), in particular, attributes the prevalence of patronage to “decentralized patronage systems [in which] there are veto players at multiple points who can all stymie the professionalization of the bureaucracy.” Yet, while the institutional allocation of patronage control to the sub-national level may limit the *ability* of incumbents to expand professionalization across the state, it does not thwart the professionalization of central governments under incumbent control. Moreover, Kenny (2013, p. 18) does, explicitly, not consider reform

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<sup>36</sup> Veto players are actors whose agreement is necessary, yet insufficient for institutional change (Tsebelis, 2011).

*incentives*: “there is nothing in the theory that implies that centralized states will necessarily attempt reform.” As such, he overlooks that institutions depriving incumbents of patronage control may incentivize them to professionalize.

A second important theoretical assumption is the re-election motive of incumbents and/or their parties.<sup>37</sup> Personal goals of Presidents – such as ideological commitments to professional states – may, of course, shape professionalization incentives irrespectively (see Grzymala-Busse, 2008; Weyland, 2002). As elections tend to “weed … out” incumbents pursuing such goals, however, the electoral motive looms large among most incumbents (Geddes, 1996, p. 87).

The re-election motive also presupposes that incumbents survive in office until the next election. In Presidential systems characterized by strong separations of power, incumbent tenure may be secured (largely) irrespective of legislative support (Hayo & Voigt, 2013). In parts of Latin America in particular, however, impeachment by the legislature may occur (Llanos & Marsteintredet, 2010; Pérez-Liñán, 2007). Similarly, prime ministers falling short of legislative majorities may face votes of no confidence. To safeguard political survival, incumbents may thus concede patronage for legislative governability (see chapter 2). At the extreme, “presidents whose governments hover on the edge of ouster will … exchange everything at their disposal.” (Geddes, 1996, p. 194) This is the exception rather than the rule, though. In presidential systems, under strong separation of power, incumbents may not be impeached at all; under weak separation of power, proactive presidential powers as well as other selective punishments and inducements may secure legislative governability, with patronage only needed to “secure any necessary marginal votes.” (Gary Cox & Morgenstern, 2001, p. 171) Even in parliamentary systems, prime ministers may count on powers beyond patronage – such as control over the list place of a legislator in elections – to discipline party members.<sup>38</sup> With that in mind, the theory accounts for reform incentives *after* patronage

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<sup>37</sup> Note that I extend incumbent electoral concerns to the fate of their parties. In particular where immediate re-election is prohibited, parties provide incumbents with organizational bases for later Presidential bids (Geddes, 1996). Where re-election is prohibited indefinitely, parties offer Presidents the opportunity to continue their political careers as party leaders.

<sup>38</sup> Having said that, the lack of mutual independence in parliamentary systems implicates that a key theoretical scope condition (political fragmentation) and assumption (incumbent survival in office) are less

concessions to secure immediate political survival have been made – or, in other words, seeks to derive the electorally optimal usage of public employment *given that* political survival until the next election has been secured.

Furthermore, I assume that institutions allocating patronage control are “sticky.” They are complied with and may not be altered by incumbents or challengers. In developing countries, this assumption may appear implausible. The causal standing of institutions is frequently epiphenomenal in the context of low enforcement and durability (Levitsky & Murillo, 2013; Weyland, 2002); and even in the industrialized world, institutional alterations to pad electoral advantages are frequent (B. Weingast & Marshall, 1988). Nonetheless, “any discussion about the efficacy of an institution is predicated on its existence.” (Grzymała-Busse, 2006, p. 3) More importantly, stickiness is a plausible assumption for institutions depriving incumbents of patronage control. Such institutions tend to be, first, “self-referencing.” (Miller, 2000, p. 539) In other words, the institutional actors benefiting from these institutions are also those in control of their enforcement and revision. Challengers in control of parliament, for instance, face incentives to retain and enforce regulations granting the legislature patronage powers<sup>39</sup>; and, in contexts of political fragmentation, incumbents tend to be unable to unilaterally alter institutions to reclaim patronage control. Moreover, reversing institutions shifting benefits to public employees is frequently impossible without the consent of public sector unions – who in turn are the main beneficiaries of these institutions (see also Rinne, 2001; chapter 5).

Second, institutions allocating patronage control are frequently of higher legal ranking, requiring super-majorities to overturn them. Tenure protections are often constitutionally mandated (see, for instance, Rinne, 2001; Spiller & Tommasi, 2009); and institutions allocating patronage control to non-executive branches are frequently enshrined in constitutions or organic budget laws, which are similarly protected by

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likely to hold. The theory’s explanatory power thus extends principally – albeit not solely (see chapter 8) – to presidential systems.

<sup>39</sup> By contrast, enforcement of civil service legislation lacks this invariable incentive compatibility. Whether incumbents face incentives to apply civil service legislation depends on the electoral utility of (non-)enforcement.

super majority requirements (Hallerberg, Scartascini, & Stein, 2009). Absent such supermajorities, neither incumbents nor challengers are able to alter these institutions in their favour.<sup>40</sup> Some scholars then find that such institutions may persist “at least into the medium term of several decades.” (Kenny, 2013, p. 24) This is, of course, not to say that constitutional assemblies and other radical reforms may not alter them (Levitsky & Murillo, 2009); but rather to note that, in most cases, such alterations are the exception. Under the theoretical scope conditions, institutions allocating patronage control are likely to be stable and binding.

Also note that the theory accounts for the causal effects of institutions allocating patronage control, yet not for their causal origins. Institutions allocating patronage control could, of course, merely reflect as intervening variables deeper causes of professionalization. For institutions to exert independent causal power, the causal factors which originated them would need to differ from those incentivizing professionalization. Incentives to professionalize would then constitute unintended consequences of institutional design choices of prior power holders.<sup>41</sup> This is precisely what the theory assumes; and this assumption may be substantiated empirically.

First, the cases studied in chapters 4 to 8 will each evidence reform incentives as unintended consequences of prior institutional choices. Second, the determinants of professionalization and tenure protections – a key institution shifting benefits to public employees – differ (see chapter 2). Third, the determinants of institutions shifting patronage control to other government branches do not generally appear to be deeper causes of professionalization. To sustain this assertion, one would ideally draw on theories explaining variation in institutions allocating patronage control. Yet, with the partial exception of Kenny (2013), no such theory exists. This

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<sup>40</sup> Departing from RCI accounts, a third cause for the stickiness of institutions is their gradual ossification into social norms. A ‘logic of appropriateness’ surrounding, for instance, the sharing of patronage powers with other government branches may develop which enhances normative obstacles to displacement (J. March & Olsen, 1989).

<sup>41</sup> It may appear disingenuous to argue that professionalization results from both the *rational* choice of an incumbent and the *unintended* consequence of an institutional choice of a previous incumbent. Rather than to disingenuity, however, it points to a further and, arguably, plausible underlying assumption: incumbents lack either the foresight to grasp or discount the utility of the long-run unintended consequences of their institutional choices.

may not come surprising: the diverse origins of such institutions – ranging from decolonization to democratic transitions (see chapters 5 and 8) – complicate theorizing. One partial remedy is available, though: studies of the broader determinants of constitutional forms of government – presidential or parliamentarian, consensual or majoritarian and centralized or decentralized. A first set of studies finds socio-economic factors such as income inequality and ethnic, linguistic and religious fractionalization to be the key determinants (Aghion, Alesina, & Trebbi, 2004; Kenny, 2013; Ticchi & Vindigni, 2010); in a second set of studies, political system and political leadership variables instead take centre stage (Hayo & Voigt, 2013). This dissent suggests that causal determinants differ across cases. Moreover, many determinants (such as incumbent leadership) are unlikely to incentivize professionalization under subsequent incumbents.

The theory also rests on several *ceteris paribus* assumptions about incumbent and challenger abilities to mobilize electoral support. It assumes, first, that patronage control correlates with control over other private goods. Where other private goods are significant – for instance due to privatization rents (Grzymala-Busse, 2007) – and may be extracted irrespective of patronage control, incumbents may compete electorally based on private goods even when deprived of patronage control. Similarly, non-state resources – such as campaign donations – are assumed to not privilege incumbents to such an extent that they regain their ability to compete through private goods even when deprived of patronage control. Second, the theory assumes an instrumental vote based on private and public goods receipts. Incumbents may, of course, rely on “expressive” appeals: the formation of bonds of social identity through charisma, collective histories and shared traits (Kitschelt, 2011, p. 3). Ideological differentiation on a left-right spectrum may reinforce partisan bonds. Constituencies of distinct parties thus count on differential private and public good preferences (Calvo & Murillo, 2004). Professionalization could then result from the election of parties whose constituencies value private goods less (Gordin, 2002).

In the empirical analysis, I thus incorporate prior partisan linkages and expressive appeals as rival explanations (see chapter 6). At the same time, “most studies

of clientelism assume an instrumental vote” and so does the patronage control theory (Calvo & Murillo, 2004, p. 745). The left-right divide provides limited reform incentives: left and right policies may be pursued through public and private goods (Shefter, 1977). Moreover, instrumental appeals trump where citizens have immediate socio-economic needs – as characteristic of patronage states. Countries in which political criteria trump merit in public employment count on average monthly incomes of US-\$445<sup>42</sup> (Dahlström et al., 2011; World Bank, 2013b). As a result, “politician’s in many of the world’s new polyarchies … mobilize votes through the selective distribution of particularistic goods … [while offering] voters more or less the same vague promises of less corruption, better social services, a stronger economy, and so on.” (M. Johnson, 2009, p. 43)

Finally, I assume that the time lag between professionalization and public goods provision is negligible. The rationale is simple. Meritocratic personnel selection requires limited state capacity compared to technically more complex reforms such as public financial management modernization. China instituted such procedures during the Han Dynasty as early as the 2<sup>nd</sup> century BC, for instance (Fukuyama, 2011); and today, countries willing to professionalize count on readily available international assistance to overcome capacity limitations. Moreover, as I detail in chapter 5, meritocratic personnel selection can augment public goods provision relatively quickly.

The patronage control theory – as any parsimonious explanation – thus hinges on a range of assumptions. As I showed, however, these assumptions are likely to hold in a wide range of cases. The conclusion is clear. Contrary to a prevalent scholarly assumption, not all patronage bureaucracies are the same: they differ in the institutional allocation of patronage control. These institutional differences in turn affect incumbent incentives to reform patronage bureaucracies. They do so by exerting an independent causal effect: the factors originating them differ from those originating professionalization. Reform is thus an unintended consequence of prior institutional choices. In other words, the institutional origins of professional bureaucracies can lie in

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<sup>42</sup> Based on average per capita incomes of countries for which the value of survey responses to: “When recruiting public sector employees, the political connections of the applicants decide who gets the job?” exceeds the value of survey responses to “When recruiting public sector employees, the skills and merits of the applicants decide who gets the job.”

patronage states. We may expect them to do so in a range of cases: the scope conditions and assumptions underlying the three causal mechanisms which link institutions to reform are plausible in a number of contexts. Prior studies thus suffer from omitted variable bias: they fail to take these institutions and their interactions with other explanatory factors into account.

With the theory and its contributions thus clarified, an outline of the method to test it is due.

### **Methodological Approach**

The theory will be tested through a comparative case study: the “use of a combination of within-case analysis and cross-case comparisons within a single study.” (George & Bennett, 2005, p. 18) Causality in the within-case analyses will be inferred through pattern-matching (see Gerring, 2004). In the within-case analyses, the validity of theoretical assumptions and rival explanations shall also be examined. Chapter 8 will complement the comparative case study with a *tentative* statistical test to gauge the generalizability of the theory. Data limitations thwart more than a plausibility probe, however. These data limitation could be remedied through in-depth field research for a small-n study, yet not for a large-n sample. The primary explanatory burden for the theory thus rests on the case comparison; the remainder of this chapter will detail the case selection and data collection procedure.

#### *Most Similar Case Selection: Paraguay and the Dominican Republic*

Following Lijphart (1975, p. 164), “cases are selected in such a way as to maximize the variance of the independent variables and to minimize the variance of the control variables.” In this ‘most similar system’ research design, cases are most different in institutions allocating patronage control, yet most similar in rival causes of professionalization. To this end, the case universe is circumscribed to, first, democracies; second, presidential systems; third, countries in which patronage is the rule of the game; and fourth, Latin America.

As the theory accounts for professionalization as an electoral utility-maximizing choice, its external validity is limited to polyarchies (Dahl, 1973). Presidential systems are more likely to meet an important theoretical scope condition: incumbents and their allies are not in control of institutions controlling patronage powers.<sup>43</sup> Limiting the universe to states in which patronage is the rule of the game adds to comparability: a critical mass of professional civil servants seeking to expand reform is absent.

Lastly, a circumscription of cases to Latin America offers three important advantages. First, professionalization of Latin America's "paper leviathans" is particularly relevant for the region's development (Centeno & Ferraro, 2013, p. 399). As Grindle (2012, p. 141) puts it,

*"At the outset of the twenty-first century, nowhere in the world, except perhaps in mid-nineteenth century U.S. experience, was patronage more fully embedded in political reality than in Latin America; nowhere had it proved itself more durable and flexible; and nowhere had it been more fully decried as a hindrance to development, competence, and probity."*

Second, it implies a focus on a region which had undergone a flurry of reform attempts in the early 21<sup>st</sup> century which provide "a contemporary palette of opportunities to consider why [...] changes in the public service happen." (Grindle, 2012, p. 7) According to an Inter-American Development Bank (IDB) diagnostic, the majority of countries progressed towards professionalization – albeit incrementally and from a low base – in the last decade (IDB, 2014).

And third, a circumscription to Latin America implies that several controls are held relatively constant. Countries tend to share, to name a few, similar administrative cultures and legacies of patrimonialism and hyper-legalism from Spanish and Portuguese colonial institutions (Hopkins, 2010); a similar sequence of democratization preceding bureaucratization; similar electoral institutions, in particular proportional representation (Geddes, 1996); a lack of inter-state wars (Centeno, 2003);

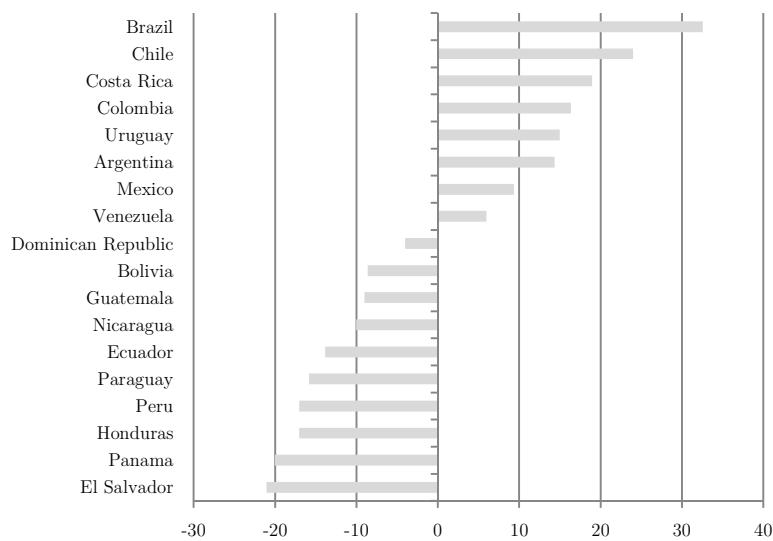
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<sup>43</sup> This is not to say that the external validity of the theory may not extend beyond presidential systems. In fact, I as I evidence in chapter 8, the theory can have explanatory power in parliamentary systems.

and a similar policy blueprint: the 2003 *Carta Iberoamericana de la Función Pública* (Latin American Civil Service Charter).

These criteria yield a universe of ten cases. Of the eighteen independent Latin American Presidential democracies, ten feature patronage as the rule of the game according to an IDB (2006) diagnostic (figure 3.1).<sup>44</sup>

**Figure 3.1 Civil Service Professionalization (2003-4)  
relative to Latin American Average<sup>45</sup>**



Source: author's own elaboration; data from IDB (2006)

In these countries, the diagnostic finds discretion in recruitment and promotion to be the norm. In contrast, meritocratic recruitment and promotion is either the rule of the game or coexisting with patronage in the remainder of countries (Echebarria & Cortazar, 2007). To foster comparability, cases are further circumscribed to electorally competitive countries at similar levels of human development. To ensure practical feasibility, countries which did not permit meaningful field research are, furthermore, ruled out. As detailed in Annex A.1, Paraguay under President Lugo and

<sup>44</sup> The IDB diagnostic was relied upon as it not only is the most comprehensive regional civil service assessment but also considers - contrary to other indices - both formal norms *and* actual practices.

<sup>45</sup> Country scores are compared to the Latin American average as this average coincides with the differentiation between patronage states and states in which patronage is no longer the sole rule of the game.

the Dominican Republic (DR) under President Fernandez were selected following these criteria.

Paraguay and the DR feature comparable levels of human development, electoral competition and patronage in the bureaucracy, next to similar administrative legacies, electoral institutions and reform blueprints (Annex A.2). As I detail in part 2, Lugo and Fernandez also both came to power in countries in which patronage is central to electoral mobilization despite not controlling significant patronage powers – that is due to factors exogenous to the theory; enjoyed comparable reform support from donors; and held, initially, legislative minority positions, with their parties controlling 1 of 45 (Lugo) and 1 of 30 (Fernandez) Senate seats.<sup>46</sup> Institutions allocating patronage control to parliament would thus deprive them of patronage control.

At the same time, Paraguay and the DR are most dissimilar in regards to institutions allocating patronage control. The DR features a “hyper-presidentialist” system in which Presidents monopolize patronage control (Marsteintredet, 2010b, p. 85). By contrast, Paraguay is a “quasi-parliamentarian” system in which institutions shift important patronage benefits to the legislature and public employees (UNDP, 2009, p. 39).<sup>47</sup> Identifying the causal role of institutions allocating patronage control is thus facilitated.

The two cases also point to a low risk of over-determination of dependent variable variation (Przeworski & Teune, 1970). Rival explanations would, contrary to the patronage control theory, predict professionalization in the DR. To cite two examples: the DR’s per capita income exceeds Paraguay’s by more than a factor of two; and the DR is – with its much longer democratic trajectory – classified as ‘free’ in the combined Freedom House score. By contrast, Paraguay only ranks as ‘partly free’

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<sup>46</sup> As I detail in chapter 5, 2004-2012 coincided with Fernandez’ second and third Presidential terms. In 2004, as in his first election in 1996, Fernandez was elected due to factors exogenous to the patronage control theory and with a legislative minority position. Yet, for the purpose of theory testing – which assumes electoral utility maximization – the 2004-2012 Presidencies are more insightful. Until 2000, Fernandez’ *Partido de la Liberación Dominicana* (PLD) operated as a cadre party with restricted membership (Hartlyn, 1998). As subsequent membership growth attests to, the party thus *de facto* deprived itself of both membership and electoral support ahead of 2000.

<sup>47</sup> Note that “quasi-parliamentarian” refers here to legislative authority over (patronage) powers usually held by the executive – and, as such, to more executive-legislative fragmentation of patronage control.

(Annex A.2). Societal public goods demands in the DR are thus, *ceteris paribus*, more pronounced. With rival factors tilting incentives against theoretical predictions, the case comparison serves as a particularly robust test. Against this backdrop, data collection for the cases is discussed next.

### *Data Collection and Triangulation*

Theory testing demands data on professionalization, institutions allocating patronage control, rival causes and reform processes. Prior scholarly works are of limited use. Neither Paraguay nor the DR count on significant academic literature on patronage and its reform. This reflects a larger scholarly bias. Scholars have studied Latin America's more professional bureaucracies, yet – with few exceptions – neglected its less developed ones (see, for instance, Bresser Pereira, 1999; Dussauge Laguna, 2011; Ferraro, 2008; Gaetani & Heredia, 2002; Gault & Amparan, 2003; Geddes, 1996; Grindle, 2012; F. Panizza, 2004; F. Panizza & Philip, 2005; Rinne, 2003).

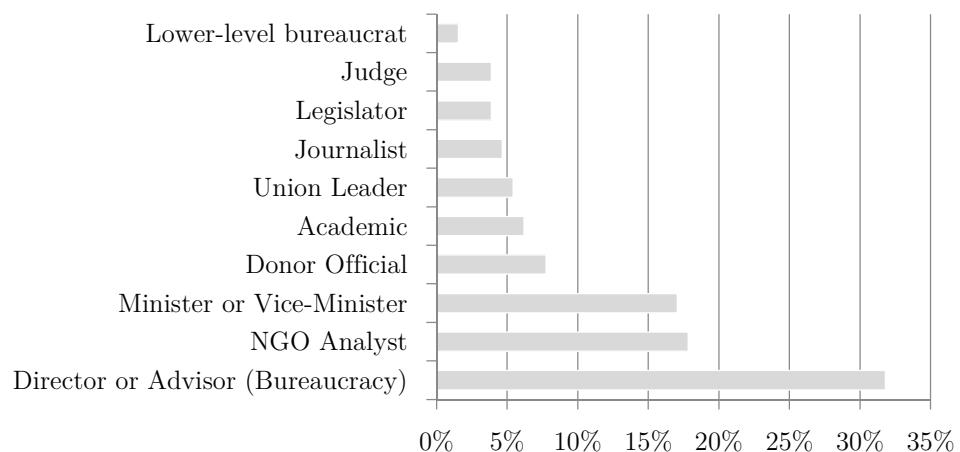
This puts a premium on primary data collection and non-conventional secondary sources. Data collection thus comprised reviews of not only legal regulations but also media, donor, consultancy, NGO and government reports; data requests to civil service agencies and human resource (HR) departments of state institutions; and, most importantly, 130 semi-structured face-to-face interviews – 65 in each country – with high-level counterparts. These Spanish-language interviews were in-depth: they lasted on average over 70 minutes and yielded roughly 160 hours of interview material. With the permission of respondents, 90 percent of the interviews were – except for sensitive passages – recorded and transcribed.

Three distinct interview protocols covered, first, the reform process (33 percent of interviews); second, patronage and the institutions allocating patronage control at the country level (12 percent of interviews); and, third, via coded expert responses, estimates of patronage and professionalization at the institutional level (55 percent of interviews). Measuring the independent variable, causal process and dependent variable through distinct protocols and respondents serves to forestall

perceptual biases: respondents may otherwise construct subjective causal accounts (J. G. March & Sutton, 1997).

To identify respondents for the first protocol, I employed a purposive sample. I, first, contacted the visible elements of the population of interest – publicly known reform participants and observers. Chain referral then led to less visible stakeholders. Interview protocols were adapted to the background of each respondent. Sampling was repeated until interview data covered the reform process and was triangulated through responses from distinct stakeholders: politicians, bureaucrats and actors outside the state (figure 3.2).

**Figure 3.2 Respondent Types across Interview Protocols<sup>48</sup> (n=130)**



Source: author's own elaboration

The second protocol measured professionalization, operationalized as the:

*Replacement of political and personal criteria with technical criteria in recruitment and promotion, where technical criteria aim at selecting the most competent candidate available for a vacancy.*

This operationalization deliberately conflates recruitment and promotion. The rationale is simple. Patronage bureaucracies are characterized by position- rather than career-based systems (Silberman, 1993). As a result, vacancies may be advertised publicly at

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<sup>48</sup> As respondent careers may comprise several respondent types, figure 3.2 is based on the respondents' most relevant position for the interview protocol. See Annex B for a list of all respondents.

any level: internal candidates thus frequently compete with external applicants when seeking upward mobility. Promotions are thus, *de facto*, recruitments into new positions. With this in mind, I subsume recruitment and promotion under ‘personnel selection’.

Moreover, the process and criteria to select the most competent candidate are left unspecified - so long as technical criteria are prioritized. Professional bureaucracies vary in whether they emphasize academic credentials, skills or experience, among others, to assess competence; and they vary in their reliance on written exams, interviews or other tests in assessments (Sundell, 2014). Consequently, “meritocratic recruitment can be achieved through a variety of means.” (Evans, 1998, p. 71)

Patronage as the flipside of professionalization is a phenomenon of “covert politics;” as such, it may not be measured precisely (Müller, 2000, p. 141). As a second-best approximation, I measure it by triangulating expert estimates with official data.<sup>49</sup> The rationale for not solely relying on official data to measure patronage and professionalization is three-fold. Not all institutions register the share of vacancies filled through examinations; examinations may not translate into professionalization in practice, constituting instead a façade for patronage (see chapter 4); and professionalization may proceed informally. Incumbents may discretionarily recruit and promote technocrats to modernize the state, rather than party affiliates or family members (Grindle, 2012; Schneider, 1992) – and thus rely on what I term meritocratic patronage.<sup>50</sup>

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<sup>49</sup> Five prominent alternative patronage measurements are offered in the literature, yet were discarded. Public employment statistics as proxies for patronage – such as growth in public sector jobs – may be affected by a range of factors unrelated to patronage (see, for such proxies, Brusco, Nazareno, & Stokes, 2005; Gordin, 2002; Grzymala-Busse, 2003; Remmer, 2007). Bureaucratic turnover as a patronage proxy risks conflating the lack of tenure protections with patronage (see, for such proxies, Buckley, Garifullina, & Reuter, 2013; Meyer-Sahling & Veen, 2012). Career pathway analyses do not measure patronage below the level of high-level officials (see, for such analyses, Geddes, 1996; Meyer-Sahling, 2008). The approval of civil service legislation or commissions as proxy indicators for professionalization is frequently uncorrelated with professionalization in practice (see chapter 4); and survey experiments with bureaucrats were unlikely to be practically feasible: survey frames of bureaucrats in 30 state institutions in two countries would have been unlikely to exist *and* be made available by governmental authorities (see, for such experiments, Gingerich, 2013b; Oliveros, 2013).

<sup>50</sup> Note that meritocratic patronage is proximate to but distinct from the concept of “responsive competence” (Aberbach & Rockman, 1994, p. 461). Meritocratic patronage is a professionalization strategy, while responsive competence is a strategy for competent bureaucratic control.

Expert estimates address these eventualities. To detect meritocratic façades, coded questions inquired about the share of vacancies filled through formally *and* substantively competitive examinations; and to account for meritocratic patronage, coded expert estimates were obtained for the criteria prioritized when selecting personnel discretionarily. Annexes C and D provide further detail on the expert survey protocol and coding scheme.

Moreover, limited coverage of official data could be overcome through expert estimates. Adapting Kopecky, Mair et al.'s (2012) delineation of the state, the survey covered fifteen typical central government institutions in five policy areas: finance, education, health, economic development and justice (see Annex E). At least five experts were surveyed in each policy area. Measurement validity demands such institutional-level estimates: within-country variation in professionalization often exceeds cross-country variation (see, for instance, Gingerich, 2013b; Leonard, 2010; Meyer-Sahling & Mikkelsen, 2014). Institutions included covered the range of state functions and patronage interests – from ‘mass-jobs-for-votes’ ministries such as education to rent-seeking ministries such as public works to economically-crucial ministries such as finance.<sup>51</sup>

These institutions accounted for 74 percent (Paraguay) and 51 percent (DR) of public employment (see annex E). Weighted institutional means were aggregated to obtain country-level estimates of professionalization and meritocratic patronage.<sup>52</sup> With respondents, at times, providing estimates for multiple institutions in their policy area of expertise, 103 institutional-level estimates of professionalization in Paraguay and the DR were obtained.

These estimates are, of course, not without limitations. Poor recall, judgment error or strategic bias on the part of respondents could all threaten estimate validity. Several duties of care were taken to address these concerns. To counteract

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<sup>51</sup> I exclude sub-national governments for the same reason: professionalization varies across localities (see, for instance, Calvo & Murillo, 2004). Obtaining expert estimates for each local government would have been practically infeasible.

<sup>52</sup> Country-level estimates were calculated as the weighted average of mean institutional estimates; the weights were determined by the contribution of an institution to the total number of public employees in the fifteen institutions covered.

biases, varied respondent types were sampled through quotas and chain referral: former and current (vice-)ministers, directors and advisors in the bureaucracy, NGO analysts, academics, union leaders, journalists, legislators and judges (figure 3.2). In each policy area, experts with distinct professional and political<sup>53</sup> backgrounds were surveyed. Adding confidence in validity, estimates varied little across respondent types. Estimates of the share of vacancies filled through *substantively* competitive examinations featured linearized standard errors of 0.02 (DR under Fernandez) and 0.05 (Paraguay under Lugo).

As a further duty of care, expert estimates were triangulated with official data whenever possible. At least a fraction of judgment error or strategic bias could thus be detected, for instance where examinations were nonexistent, yet experts claimed the contrary.<sup>54</sup> Lastly, estimates were triangulated with data from a third, country-level expert interview protocol. The protocol probed not only into institutions allocating patronage control, but contained an open-ended question about variation in professionalization across institutions. Responses proved consistent with institutional-level expert estimates. These duties of care enhance confidence that expert estimates triangulated with official data yield valid *approximations* of patronage and professionalization.

With theory and method thus clarified, theory testing may proceed. Part Two will pursue this endeavour.

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<sup>53</sup> Note that many of the high-level officials interviewed were appointees with publicly-known technical credentials who often served successive administrations headed by different parties. As such, they tended to count on both patronage expertise *and* a lack of strong incentives to misrepresent it.

<sup>54</sup> In conjunction with experts who were unable or unwilling to provide estimates, detection of bias or error reduced the number of experts whose estimates were coded from 71 to 62.

## Part Two.

# Institutional Incentives for Bureaucratic Professionalization in Paraguay and the Dominican Republic

# 4

## Measuring the Dependent Variable: **Public Personnel Reforms and Bureaucratic Professionalization in Paraguay and the DR**

The comparative case study of Paraguay and the DR is undertaken in three steps. To measure the dependent variable of interest, I compare in this chapter public personnel reforms and bureaucratic professionalization in Paraguay and the DR. Chapter 5 goes on to test the explanatory power of the patronage control theory for the observed variation in professionalization. To forestall spurious inferences, I conclude the comparative case study by ruling out rival explanations in chapter 6.<sup>55</sup>

As context for the principal task of this chapter – the measurement of bureaucratic professionalization in Paraguay and the DR – recall from chapter 3 that I had operationalized professionalization as the replacement of political and personal criteria with technical criteria in the recruitment and promotion of public personnel. As I note in chapter 3, this is not the only operationalization utilized in scholarly works. Most prominently, a wave of recent large-n studies has relied instead on the formal adoption of civil service legislation or boards (Grzymala-Busse, 2007; Hollyer, 2011b; Kostadinova, 2012; Neshkova & Kostadinova, 2012; Rauch, 1995; Ruhil, 2003; Ruhil & Camões, 2003; Ting et al., 2013). As I detail below, reliance on this alternative operationalization would turn the observed cross-case variation in professionalization upside down. This, of course, raises the concern that the observed dependent variable variation is driven by my operationalization choice rather than professionalization at-large. To rule out this concern, I, first, embed the measurement of professionalization in a broader discussion of the cases' public personnel reforms; and, second, examine the

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<sup>55</sup> Note that I reverse the conventional order of ruling out rival explanations before theory testing. The reason is purely presentational: the empirical evidence drawn on in theory testing serves as context for chapter 6. Chapter 6 may thus be presented more succinctly by placing it after chapter 5.

extent to which the adoption of civil service legislation is a valid competing operationalization of professionalization in the two cases and patronage bureaucracies at-large.

For the purpose of theory testing in chapters 5 and 6, this chapter's key conclusion is straightforward. Bureaucratic professionalization – operationalized as meritocratic recruitment and promotion – advanced in Paraguay, yet not the DR. Moreover, Paraguay's professionalization was selective. It extended not to the public sector as a whole, but instead to technical-level positions in, in particular, social service delivery institutions.

This cross-case variation in meritocratic recruitment and promotion contrasted with cross-case variation in legal reforms. The DR saw a “calligraphic revolution,” enshrining meritocracy in a new public service law, constitution and presidential decrees. Implementation, however, was circumscribed to measures which did not affect patronage and professionalization. In contrast, legal reforms stalled in Paraguay – yet professionalization advanced in practice. As I shall detail, the Latin America region as a whole mirrors this pattern: professionalization in law and practice are poorly correlated. Drawing on this finding, a more general conclusion may be derived: civil service legislation is neither necessary nor sufficient for the professionalization of patronage bureaucracies. Outlawing the spoils is an illusion – and scholars would be mistaken to operationalize professionalization with civil service laws rather than meritocracy in practice. As a corollary, confidence in the validity of the observed cross-case variation in professionalization is enhanced: professionalization advanced in practice in Paraguay, yet not the DR.

To construct this argument, the chapter begins by comparing legal reform objectives and implementation trajectories in the two cases. It then measures their impact on bureaucratic professionalization as the key *explanandum* for theory testing in chapters 5 and 6. To conclude, the chapter builds on the case comparison to generalize about the relationship between professionalization in law and practice.

## **Public Personnel Reforms in Paraguay and the DR: Similar Objectives, Dissimilar Results in Law and Practice**

The campaigns of both Lugo and Fernández had included calls for state reforms to address corruption and clientelism. Unsurprisingly then, civil service reforms took centre stage in Lugo's 'National Strategic Plan' and Fernández' 'National Development Strategy'. The key objectives of Lugo's 'Plan' included "bequeathing Paraguayan society in 2013 an ethical, professionalized, efficient and effective civil service, capable of producing the transformation which our society needs and deserves." (cited in UNDP, 2009, p. 7) Fernández' 'Strategy' in turn sought, among others, to "strengthen the civil service and administrative career to endow the public administration with suitable personnel which acts with commitment to ethics, transparency and accountability."

(Secretaria De Estado De Economía Planificación y Desarrollo, 2009, p. 18)

Similarities in broad reform objectives were paralleled by similarities in reform design. As noted in chapter 2, both incumbents relied on the Latin American Civil Service Charter as their policy blueprint. The Charter lays out "a set of common bases upon which to articulate the design and functioning of different national civil service systems." (CLAD & United Nations, 2003, p. 4) It understands civil service professionalization as the "possession by civil servants of a series of attributes such as merit, capacity, service vocation, efficiency in performance, responsibility, honesty and adhesion to the principles and values of democracy." (CLAD & United Nations, 2003, p. 3) These attributes then conform a meritocratic system which safeguards professionalization from arbitrariness, nepotism and clientelism.

Moreover, reforms in both countries emphasized similar measures to achieve reform objectives. Both incumbents sought legal professionalization through, among others, reforms of public service and public pay laws; and professionalization in practice through meritocratic recruitment and promotion, the extension of tenure protections, a public personnel management and information system, and the institutional strengthening of the civil service ministry.

Similar reform objectives, design and measures notwithstanding, reform results diverged. As I shall detail in this section, the DR, yet not Paraguay, achieved its legal reform objectives. In contrast, Paraguay, yet not the DR, advanced towards professionalization in practice. Implementation progress in the DR did not extend to measures which affected patronage and professionalization in practice.

### *Comparing Legal Professionalization: Normative Revolution vs. Legal Standstill*

Prima facie, legal regulations prior to the Lugo and Fernández Presidencies placed the countries' bureaucracies firmly on Weberian grounds. In Paraguay, a public service law had seen approval in 2000. The law mandates, among others, a transparent, merit-based and competitive system for recruitment and promotion; grants job tenure after two years in service and positive performance evaluations; introduces an eight-hour work day; and creates a Ministry of Civil Service (*Secretaría<sup>56</sup> de la Función Pública*, SFP), tasked with supervising the implementation of the law (SFP, 2012b). The law's coverage extends to the executive, legislature and judiciary as well as departmental and municipal governments; and, within these, to administrative and health personnel.<sup>57</sup>

The DR's civil service and administrative career law in turn dated from 1991. As in the Paraguayan case, it mandated merit-based recruitment processes; performance evaluations and competitive examinations for promotions; and tenure protections for personnel incorporated into an administrative career, among others. Moreover, it assigned responsibility for supervising the implementation of the law to the National Office for Administration and Personnel (*Oficina Nacional de Administración y Personal*, ONAP) (World Bank, 2004); and covered all central

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<sup>56</sup> As *Secretarías* rank legally at the ministerial level, I employ the term Ministry for both *Secretarías* and ministries throughout this dissertation.

<sup>57</sup> The Constitution establishes separate careers for teachers, judges, diplomats, researchers, the police and the military; moreover, temporary and service personnel are regulated by the Civil and Labor Code respectively (Congreso de la Nación Paraguaya, 1992).

government institutions. Some officials then considered the law to be “of European standard.” (cited in Sánchez-Ancochea, 2005, p. 715)

Yet, as a popular Latin American saying goes, “every law has its loophole” (*Hecha la ley, hecha la trampa*). With concessions to smooth passage in the face of opposition from patron-politicians, public service legislation in the two countries was no exception. To illustrate, in Paraguay, the law fails to clearly delimit the reach of political appointments (*cargos de confianza*) in the bureaucratic hierarchy or the responsibilities of the Ministry of Finance and the SFP in public pay setting (Interview, SFP Director; Interview, NGO Analyst). Moreover, the law complicates the legal selection of the SFP Minister, thus undermining his/her authority. A commission with representatives from the executive, legislature and judiciary is put in charge. Yet, the legislature and judiciary claim autonomy from the law and refuse to participate (Interview, SFP Director). Not less important, the law tasks the SFP with supervising examinations for personnel selections, yet fails to provide it with means to sanction non-complying institutions (Interview, SFP Director). Compliance with the law is thus *de facto* left at the discretion of state institutions.

In addition, the law saw an estimated 800 to 1,000 – the precise number remains unknown (Interview, Judge) – constitutional appeals (World Bank, 2005b). A trade union coalition argued that 40 articles violated the Constitution – and, in particular, the constitutional figure of ‘acquired rights’ of public servants (Nickson, 2009). In parallel, key institutions – including the Supreme Court, Attorney General, Central Bank and public universities – appealed the law, arguing it violated their autonomy (Ramírez Osorio, 2008). The Supreme Court responded by temporarily suspending the law – without, however, passing judgment on most of the appeals to date.<sup>58</sup> Yet, this suspension is only in effect for the institutions or individuals presenting the appeals and for the articles appealed; the prior 1970 Civil Servant Statute of the Stroessner dictatorship is then in force (Sosa Arrua, 2011). As a complete register of

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<sup>58</sup> To illustrate, it took until 2013 for the Court to rule on an appeal presented in 2002 by the country’s capital Asunción (Ultima Hora, 2013).

the appeals does not exist, which law applies to whom is thus often uncertain (Interview, Judge).

The DR's 1991 civil service and administrative career law came with its own set of shortcomings. First, the administrative career was undermined by articles which established job stability for career employees, yet permitted unjustified dismissals of career employees provided compensation was paid. This prompted some analysts to conclude that "so long as article 28 [permitting unjustified dismissals] remains in force, the consolidation of a career system will be ... impossible." (Delmas, 2007, p. 60) The 1991 law was, furthermore, but a framework: it contained fundamental civil service principles, yet left most personnel regulations to legally lower-ranking decrees and resolutions. Moreover, as in Paraguay, the DR's civil service agency – ONAP – lacked the requisite authority to assure compliance with the law on the part of line institutions (Ventura Camejo & Montero, 2008).

On the face of it, legal reform thus held great potential for bureaucratic professionalization in both countries – and was, accordingly, sought. In Paraguay, the incumbent pursued a four-pronged strategy. First, modifications of individual articles of the public service law were submitted to Congress, for instance to do away with the requirement for legislative and judicial participation in the selection of the SFP Minister (Interview, SFP Director). In parallel, the Ministry created a dialogue forum with legislators and unions to discuss a more comprehensive reform of the public service law (Lafuente, forthcoming). Moreover, the Ministry of Health and the SFP developed a specialized law to regulate health personnel careers which had been, hitherto, covered by the public service law (Interview, Health Minister). And, finally, the Ministry of Finance and the SFP each developed a public pay reform proposal which sought to rationalize public pay and clarify overlapping mandates. None of these four reform efforts yielded congressional approval, however. Instead, Congress approved, in response to union demands, a reform which – rather than strengthening the public service law – reduced working hours from 8 to 6. Lugo responded by vetoing the reform (Lafuente, forthcoming).

The DR's legal reform trajectory could not be more different. When coming to power in 2004, the Fernández administration inherited from the preceding administration a draft of a new public service law. With minor modifications, it presented and discussed the law in the National Dialogue, where, as I detail in chapter 6, the country's main societal actors convened. Subsequently, the President of the Chamber of Deputies – a member of the governing *Partido de la Liberación Dominicana* (PLD) – introduced the law in Congress and sought for leaders of all parties to become signatories – even though the PLD could have passed the law with its own majority. In his own words, “this enabled that all legislators and party leaders understood that this was their topic – so there was no dispute about the topic” (Interview, Legislator). The law saw unanimous approval in the Chamber of Deputies and the Senate.

The 2008 public service law remedied several limitations of its 1991 predecessor. First, it elevated the civil service agency ONAP to a Ministry of Public Administration (*Ministerio de Administración Pública*, MAP). Second, it strengthened MAP competencies. To illustrate, human resource (HR) directorates in state institutions were now MAP technical dependencies; and MAP approval of the classification of a position in organizational charts was required before vacancies could be filled (Congreso Nacional de la República Dominicana, 2008). Third, coverage of the law was expanded beyond the central government. Fourth, political party activities by civil servants were prohibited, including organizing campaign rallies and obligating subordinates to participate in them. And fifth, tenure protections of career employees were strengthened. Unjustified dismissals of career employees were now prohibited; and all eligible public employees were to be evaluated for career incorporation until 2016. As a result of these and other modifications, the 2008 public service law became “recognized as one of the most solid laws in the region,” according to the Secretary General of the Latin American Center for Development Administration (*Centro Latinoamericano de Administración para el Desarrollo*) (Interview).

To fortify the law, the principles of meritocracy and job stability for career employees were, moreover, incorporated in a new 2010 Constitution.<sup>59</sup> In the new Constitution, presidential appointment powers were restricted to political appointees – rather than, as previously, all public servants; merit and capacity established as requirements for access to public service; sanctions introduced for those providing advantageous treatment to family and friends; and the dismissal of career employees in violation of the public service law declared an act against the Constitution (Congreso Nacional de la República Dominicana, 2010). As a result, career employees dismissed illegally could hold authorities personally responsible for dismissals and claim damages from them (Interview, MAP Advisor). Concomitantly, the President was no longer constitutionally empowered to dismiss any public servant at will. In sum, the new Constitution provided strong *de jure* protections against patronage and for meritocracy and tenure of career employees.

To complement merit and tenure protections with rational pay setting, the MAP also developed a law to regulate public salaries. The law established salary ceilings and empowered the MAP to establish – subject to Presidential approval – salary scales for state institutions across the three branches of government. It was submitted to Congress during the Fernández administration (2004-12) and promulgated in 2013 under the subsequent Medina administration (also PLD). Concurrently, laws on careers for teaching and medical personnel were being debated.

In sum, both Lugo and Fernández inherited public personnel laws with a range of shortcomings – and sought to address these through legal changes. Lugo was unsuccessful in doing so: reforms stalled. In marked contrast, legal and constitutional reforms amounted to a “normative revolution” in public service under Fernández (Interview, MAP Director). The next section will juxtapose this legal reform pattern with reforms in practice in the two countries.

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<sup>59</sup> Note that constitutional reform at-large responded, principally, to a more immediate incumbent interest: it introduced indefinite Presidential re-elections after one period of recess; the previous Constitution would have barred Fernández from further office after his 2012 term came to an end (Benito Sanchez, 2010b).

### *Comparing Reforms in Practice: Pro Forma vs. Pro Professionalization*

Professionalization in practice advanced in Paraguay, yet not the DR. Paraguay's professionalization progress was incremental. Public sector-wide measures stalled; yet, a subset of institutions introduced meritocratic recruitment and promotion. In contrast, meritocratic recruitment and promotion did not advance in the DR. Only *pro forma* reform measures which did not affect patronage and professionalization in practice proceeded.

### *The DR's Professionalization Trajectory in Practice: Façade Modernization*

Regulation of the 2008 public service law appeared to bode well for professionalization in practice. The MAP issued, in 2009, a series of regulations and instructions on the law. These covered, among others, merit-based recruitment and promotion, performance evaluations, the creation and classification of positions, salary policy, and training and capacity building (Strazza, 2012; Ventura Camejo, 2010). The MAP resolutions built on presidential decrees of preceding incumbents to implement the 1991 law; and were, subsequently, in part encapsulated in – and thus fortified by – presidential decrees passed by Fernández. Despite this legal backing, however, the Ministry lacked powers to unilaterally sanction institutions not complying with public personnel regulations. Collaboration from other institutions in charge of sanctioning legal violations – including the General Audit Institution (*Contraloría General de la República*) and the judiciary – was not forthcoming.

Moreover, institutions were apt at finding an “escape” in the new 2008 public service law (Interview, MAP Vice-Minister). The law only mandated competitive examinations for recruitment into permanent career positions; institutions responded by recruiting personnel discretionarily into confidence posts, temporary positions or permanent positions in hierarchies below the career – such as janitors, doormen and other general services – covered by a simplified statute (Montero, 2010b). A fraction of temporary personnel was subsequently incorporated into tenured career positions – despite a legal prohibition to do so without competitive examinations for post-2008

recruits. As a MAP Vice-Minister (Interview) laments, “no competitive examinations were undertaken, but nonetheless they contracted personnel extra-officially ... personnel which [then] stays for 10 years.”

In the resulting context of *de facto* voluntary compliance with the new public service law, implementation only proceeded where it was compatible with the patronage interests of the incumbent – even if this led to “a not very rational way to implement the law” (Interview, Donor Official). Minimal progress in meritocratic recruitment and promotion thus contrasted with *pro forma* advances in other public personnel decisions. As I shall detail further below, examinations supervised by the civil service agency – ONAP and, subsequently, MAP – extended to less than 1 percent of vacancies between 2004 and 2012. In other words, patronage remained the overwhelming rule of the game in personnel selection.

In contrast, more than 310,000 performance evaluations were carried out in 95 state institutions in the same period, with 5 to 15 percent of all public servants evaluated every year (based on MAP data). There is no evidence linking these evaluations to enhanced meritocracy in promotions or pay rises, however. According to a MAP advisor (Interview), “imagination” has dominated the determination of performance objectives, lending evaluations to “manipulations and arrangements between superiors and subordinates.” (Gallup Republica Dominicana, 2010, p. 49) As a result, over 96 percent of public employees were ranked between good and excellent in performance evaluations between 2005 and 2012 – despite the DR’s low public service delivery quality (based on MAP data). With recruitment still based on patronage, this outcome may not surprise. Political performance rather than bureaucratic performance tended to be the yardstick for success. As a result, line institutions repeatedly notified the MAP that “evaluations of personnel were not necessary as staff had already confirmed they were good when they had done political campaign activities” (Interview, MAP Director). Consequently, performance-based promotions remain, according to a large majority of public employees surveyed (63 percent), infrequent (cited in Iacoviello, 2009). On the flipside, repeated unsatisfactory evaluations similarly “seem not to have

important repercussions for the future of the public servant.” (Gallup República Dominicana, 2010, p. 49) Some HR directors in line institutions then go as far as concluding that the “evaluation system ... does not contribute anything.” (Interview)

Evaluations were complemented by enhanced training for public employees. The National Institute for Public Administration trained 16,600 public servants in 2010, up from 2,100 in 2000 (Iacoviello, 2009; MAP, 2013b). At the same time, the Fernández administration funded university degrees for roughly 10,000 public servants (Interview, Controller General).

*Pro forma* progress was also made in organizational structures. In 100 state institutions, organizational charts were established, followed by position structures and descriptions, including required competencies for posts (MAP, 2012). Compliance in practice was partial at best, however. As a Vice Minister of Finance (Interview) puts it, “the MAP is always one or two steps behind the institutions. While the organizational structure which institutions present may be approved by the MAP, the real structure could be totally different.”

Organizational structures also served as an input for a public personnel management information system (*Sistema de Administración de Servidores Públicos*, SASP). Inaugurated in 2007, SASP coverage is impressive. By mid-2013, it had expanded to almost 150 institutions and 240,000 public employees (MAP, 2013c). SASP provides data on staff location, age, gender, contract type and salary, among others. Moreover, it strengthens payroll control by linking line institutions, the MAP, the General Audit Institution and the Ministry of Finance (Collado, 2012). As a result, SASP permitted the government “understanding and taking control of the payroll of public servants: where are they, what is their position, how much do they earn?” (Interview, Donor Official). Yet, while strengthening incumbent control, SASP did little to professionalize the bureaucracy or curtail patronage. In its design, it contemplated other public personnel modules, in particular one to ensure merit-based recruitment and promotion (Interview, MAP Director). These modules were not finalized under the Fernández Presidency, however.

Perhaps most importantly, a gross of 59,300 public servants had, by 2012, been incorporated in an administrative or special career – roughly 30 to 37 percent of the estimated 160,000-200,000 eligible public employees. As aforementioned, career incorporation provided public employees with constitutional protections from dismissals. In chapter 7, I examine this tenure extension and its political determinants in-depth. For the purpose of this chapter, it suffices to note that tenure protections did not add to professionalization. Two pieces of evidence substantiate this conclusion. First, career incorporations were based overwhelmingly (96 percent) on evaluations of personnel rather than competitive examinations (4 percent) (MAP, 2013d). These evaluations were in practice only conditioned on formal compliance with minimum educational and experience requirements of a position (Interview, MAP Analyst). Second, despite 18 years of “career” incorporations, career paths still have to be defined. As such, the career to-date is limited to enhanced job stability in an employment system – rather than merit-based promotion opportunities in a career system (Castillo Lugo, 2012).

Reform thus advanced in practice in the DR where it, as a MAP Vice-Minister (Interview) put it, did not “frontally run into the question of clientelism.” MAP authorities were keenly aware of the resulting differential political feasibility of distinct reform elements. As a MAP Director (Interview) notes, “the Minister established the strategy that one works as a technical personnel ... but also thinks about the situation of the politicians ... and seeks a technical solution to [political] realities.” As a result, in line ministries, “we have to appoint these politically recommended [candidates], but we search for a position that they can carry out ... and we evaluate them.” (Interview, Economy Director) As a result, party recommendations of personnel now also, in contrast to previous decades, came to include a curriculum vitae (Interview, Legislator). In the more optimistic interpretation of a MAP advisor (Interview), reform thus contributed to “a more competent clientelism.” In the more pessimistic interpretation of an NGO analyst (Interview), the primacy of clientelism implied that “the public service law until now remains a myth. It is constitutional and administrative

poetry.” Further below, I will demonstrate that poetry is closer to reality than competent clientelism: professionalization advanced only marginally in the DR. Prior to doing so, the DR’s reform implementation shall be contrasted with the Paraguayan case.

#### *Paraguay’s Professionalization Trajectory in Practice: Selective Meritocracy*

As aforementioned, legal reforms stalled in Paraguay. Implementation thus needed to be based on a seemingly unsolid legal foundation: the 2000 public service law. Despite the deficiencies and constitutional challenges of the law, however, lack of legal reform presented a lesser challenge to professionalization than what could be *prima facie* assumed. As one of Lugo’s SFP Ministers (Interview) explains, “seeing that the law permits the process of professionalization … I saw … very few problems with the law.” In other words, the law enabled the SFP to support professionalization in line ministries – even while not empowering it to sanction non-compliance. The SFP then sought to “work with a lot of force with those institutions willing [to professionalize], while later moving to oblige compliance from those who were not willing.” (Interview, SFP Minister)

As a result, compliance with competitive examinations was *de facto* as voluntary for line institutions in Paraguay as it was in the DR. Contrary to the DR, however, such examinations were expanded in Paraguay. As I detail in the next section, roughly 26 percent of vacancies were filled through examinations under Lugo. They focused on select institutions, particularly in social service delivery. Selective professionalization through meritocracy was complemented by incremental tenure extensions. This was not at the initiative of Lugo, however. To shield their appointees from dismissal, legislators added permanent positions in the budget when Lugo was elected (see chapter 5).

While professionalization advanced in select institutions, measures applying to the public sector as a whole stalled. The SFP developed, between 2008 and 2011, a comprehensive policy to cover the range of HR functions, from personnel

selection to pay, evaluation, transfers and dismissals, to name a few. Parts of the policy – such as performance evaluation – were piloted in the SFP, the Presidency and the Ministry of the Interior (SFP, 2011c). To legally require all institutions to apply the policy – and thus seek professionalization of the public sector as a whole – the SFP encapsulated the policy in three successive Presidential decree drafts. Without a decree, state institutions could argue that they were not legally obligated to comply with the 2000 public service law and, thus, SFP policies (Interview, SFP Director); the law stipulated that its implementation was to be based on a Presidential decree proposed by the SFP. Yet, all three versions of the decree failed to obtain Presidential approval. As I will detail in chapter 5, Lugo faced incentives to professionalize select institutions – including by appointing reformers as SFP Ministers – yet not the public sector as a whole. The SFP responded to lack of decree approval by issuing a non-binding ministerial resolution to regulate the personnel policy.

The policy also served as a basis to develop a public personnel management, information and control system (*Sistema Integrado de Control de la Carrera Administrativa*, SICCA). SICCA was, in design and objectives, highly similar to the DR's SASP. The system was to register the work trajectory of each public servant, from recruitment to performance evaluations, promotions, remuneration, transfers and dismissal, among others (SFP, 2011c). Most important, it was to allow the SFP to gradually enforce compliance with competitive examinations by linking SICCA with Paraguay's public payroll system. As Lugo's second SFP Minister (Interview) explains, “the idea was to [initially] allow entry without competitive examinations, but to be able to see the movement [of staff]; ... then to continue stimulating examinations ... until ... we can push a button [in the system] and make impossible entries [without examinations].” In other words, SICCA would have enabled the SFP to enforce professionalization in the public sector as a whole. Suffering the same fate as the personnel policy, however, a Presidential decree to implement SICCA was not approved by Lugo (Interview, SFP Director).

In sum, professionalization advanced in practice in Paraguay, albeit only in select institutions. In contrast, the DR saw standstill in meritocratic recruitment and promotion. Only *pro forma* reform measures which did not curtail incumbent patronage progressed. The next section will detail how these differential trajectories impinged upon bureaucratic professionalization.

### **Measuring Professionalization in Paraguay and the DR**

As detailed in chapter 3, bureaucratic professionalization is measured in three steps. To begin with, official data on competitive examinations is presented. As the data is incomplete and patronage may still reign when examinations are manipulated, official data is triangulated with expert estimates of *substantively* competitive examinations. Moreover and as noted, incumbents may professionalize bureaucracies informally through meritocratic patronage. Expert estimates of the criteria prioritized in discretionary personnel selections are thus also provided. Findings across data sources are consistent: professionalization advanced in select institutions in Paraguay, yet – with one minor exception – not in the DR.

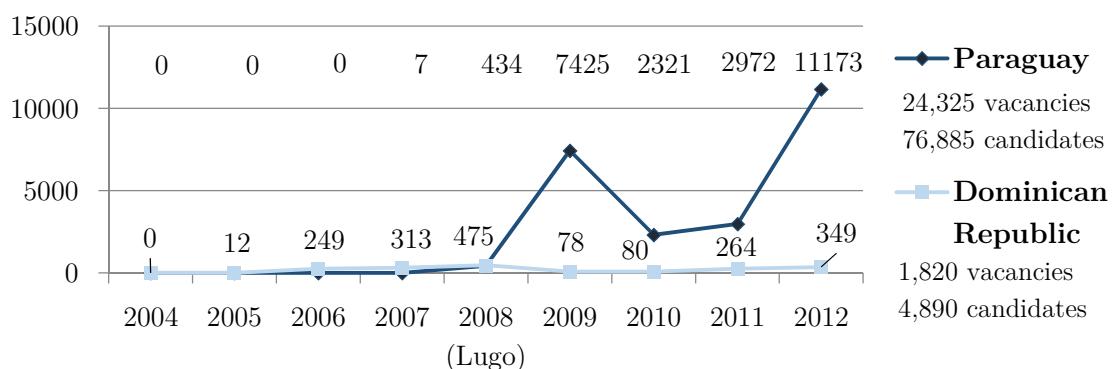
#### *Official Data: Competitive Examinations in Paraguay and the DR*

Until Lugo's rise to power, the SFP had, in the country's history, supervised competitive examinations to fill 7 vacancies. Between 2008 and 2012, this number rose to 24,325, with 76,885 unique applicants. Except for the second half of 2008 – when budgetary and administrative capacity constraints limited it to 434 – the number of vacancies filled through competitive examinations oscillated between 2,321 and 11,173 per year until 2012 (figure 4.1).

In the DR, Fernández inherited a civil service agency with somewhat more experience in competitive examinations. ONAP had supervised 406 competitive personnel selections in the last year of the preceding Mejia Administration (Participación Ciudadana, 2007). Yet, competitive examinations supervised by ONAP/MAP remained minimal during the 2004-12 Fernández Presidency. Cumulatively, they

accounted for 1,820 vacancies – an average of 228 per year. 4,890 unique candidates applied for these positions.

**Figure 4.1 Number of Vacancies Filled through Formally Competitive Examinations (Supervised by the SFP and MAP/ONAP)**



Source: author's own elaboration, based on data provided by MAP (2013a), SFP (2013a) and in Participación Ciudadana (2007)

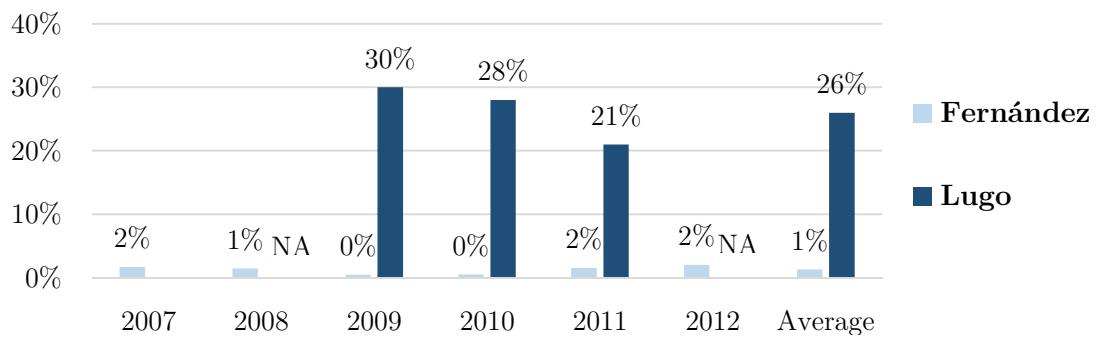
In the DR, examinations supervised by ONAP/MAP then filled, according to limited available data<sup>60</sup>, only 1 percent of vacancies during the 2004-12 Fernández Presidency. In contrast, in Paraguay under Lugo, they amounted to roughly 26 percent of vacancies (figure 4.2).

Despite the low overall number of competitive examinations in the DR, a range of institutions – 65 in 2012 – undertook them (MAP, 2013a). In other words, authorities frequently put a premium on the existence of competitive examinations in their institutions, albeit not on their use to fill a significant number of vacancies; on average, they were utilized for fewer than five vacancies per year per institution. With 50

<sup>60</sup> Note that these figures are rough estimates. In the DR, the denominator utilized is public workforce growth rather than vacancies as data on the latter was unavailable. Workforce growth overestimates the share of vacancies filled competitively as it does not account for vacancies arising from substitutions of existing personnel. Moreover, the numerator refers to the number of vacancies advertised for competitive examinations rather than the number of vacancies filled through such examinations. The data thus risks, again, overestimating professionalization in the DR. In Paraguay, data on vacancies is self-reported by line institutions to the Ministry of Civil Service, and the number of reporting institutions increased over time – from 43 in 2008 to 106 out of 113 in 2012. The denominator of the calculation thus shifts. Moreover, cross-checks of the identities of personnel recruited by institutions and the identities of personnel selected through competitive examinations showed inconsistencies (Interview SFP Minister).

participating institutions, Paraguay also saw widespread usage of competitive examinations (SFP, 2012a). As in the DR, window dressing – the ability to point to existence of examinations – motivated participation by a range of institutions: 44 of them cumulatively accounted for only 5 percent of examinations.

**Figure 4.2 Share of Vacancies Filled through Formally Competitive Examinations (Supervised by the SFP and MAP/ONAP)**



Source: author's own elaboration, based on data provided by MAP (2013a), SFP (2013a) and Contraloría General de la República (2013)

Contrary to the DR, however, select institutions relied heavily on examinations. The Ministries of Health, Social Action, Children and Adolescents, Agriculture and Public Works as well as the General Directorate for Statistics and Census jointly accounted for 95 percent of vacancies filled through examinations supervised by the SFP (SFP, 2012a). Examinations in these institutions were either an important or the dominant method to select personnel. The Minister of Health, for instance, instructed staff to utilize examinations except when contingencies such as epidemics required immediate recruitment (Interview, Health Minister); virtually all personnel selections in the Ministry of Children relied on examinations; and roughly 30 percent of personnel in the Ministry of Social Action were recruited through this means (SFP, 2013a).

Beyond focusing on select institutions, examinations in Paraguay were also selective in the positions they focused on. An overwhelming share narrowed in on technical-level positions (81 percent), rather than service (13 percent) or managerial (6

percent) positions.<sup>61</sup> Moreover, vacancies were roughly evenly divided between permanent (55 percent) and temporary (45 percent) positions as well as between those open to all candidates (48 percent) and those restricted to internal candidates (52 percent) – that is candidates already in the public sector or the recruiting institution (SFP, 2011a).<sup>62</sup> In contrast, examinations under Fernández in the DR focused overwhelmingly (91 percent) on internal candidates.<sup>63</sup> In other words, examinations supervised by the MAP were not only minimal in number, but also narrowed in on the promotion or career incorporation of employees discretionarily recruited by the incumbent.

As a caveat, examinations supervised by the civil service ministries were not the only ones undertaken in Paraguay and the DR. Examinations also took place in institutions and professional groups not covered by public service laws, including for teachers, professors, judges, prosecutors, diplomats, the military and the police. Moreover, Paraguay's Central Bank and the DR's tax administration, among others, recruited via exams. Table 4.1 lists the number of vacancies filled through examinations in the DR for key professional groups. Corresponding data requests in Paraguay were, with the exception of the Central Bank, unfortunately not heeded.<sup>64</sup>

In the DR, as table 4.1 illustrates, examinations outside the scope of the MAP had, numerically, much greater weight than those supervised by the MAP. Most important, almost 24,000 teachers – roughly 30 percent of teacher vacancies – were selected through examinations in 2006-2012. These and other examinations without MAP supervision had frequently been initiated prior to Fernández. Examinations for teachers and judges had been undertaken since 2002, for instance (Interview, Education Director; Supreme Court data). Moreover, examinations to recruit professional groups

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<sup>61</sup> Based on the author's classification and counting of the job titles of each vacancy filled through examinations between August 2008 and August 2011, as reported by the SFP to Congress. As *pro forma* and *de facto* positions in the hierarchy may, at times, diverge, this represents a rough estimate.

<sup>62</sup> Based on an analysis of the list of vacancies filled through examinations between August 2008 and August 2011, as reported by the SFP to Congress.

<sup>63</sup> Based on MAP data for 2011 and 2012.

<sup>64</sup> In the Central Bank, 123 vacancies – 97 percent of the total – were filled through examinations during the Lugo administration (based on Central Bank data).

were frequently not void of manipulations. Against this backdrop, the extent to which these and other examinations *substantively* professionalized the DR's and Paraguay's bureaucracies is discussed next.

**Table 4.1 Examinations in the DR without MAP Supervision**

	Ministry of Education	Ministry of Health	Supreme Court	Public Ministry (Attorney General)	General Directorate for Internal Taxation (DGII)
Examinations: number of vacancies	23,881	529	248	749	1,223
Examinations: share of vacancies	30% <sup>65</sup> (of all teacher vacancies)	NA	5% (of all Supreme Court vacancies)	NA	85% (of technical and managerial positions; for years with data availability)
Focus of examinations	Teachers	Medical residencies	Judges	Prosecutors	Technical (1,119) and administrative (104) staff
Years of data availability	2006-12	2011	2002-2011	2004-2012	2006-2011

Source: data provided by the Ministry of Education, Supreme Court, MAP, DGII and in Observatorio de la Salud para América Latina (2012)

*Expert Estimates: Substantively Competitive Examinations in Paraguay and the DR*

Manipulation of formally competitive examinations has a long history in patronage states (Key, 1935). Against this backdrop, both the SFP and MAP sought to reduce the margin for undue interferences in the examinations supervised by them. To name a few, applicants were assigned numerical codes to safeguard initial anonymity in candidate evaluation; examinations required contemplation of a variety of sources of evidence, ranging from curriculum vitae evaluations to technical exams, personality questionnaires, presentations and interviews; distinct stakeholder composed the juries

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<sup>65</sup> This represents a rough estimate. The numerator refers to the number of teachers who passed the examination – rather than those who were actually recruited. The denominator is calculated by summing 2006-2012 teacher growth with an approximation of the number of teachers replaced due to natural fluctuation (assuming a 4 percent replacement rate as in World Bank, 2005a).

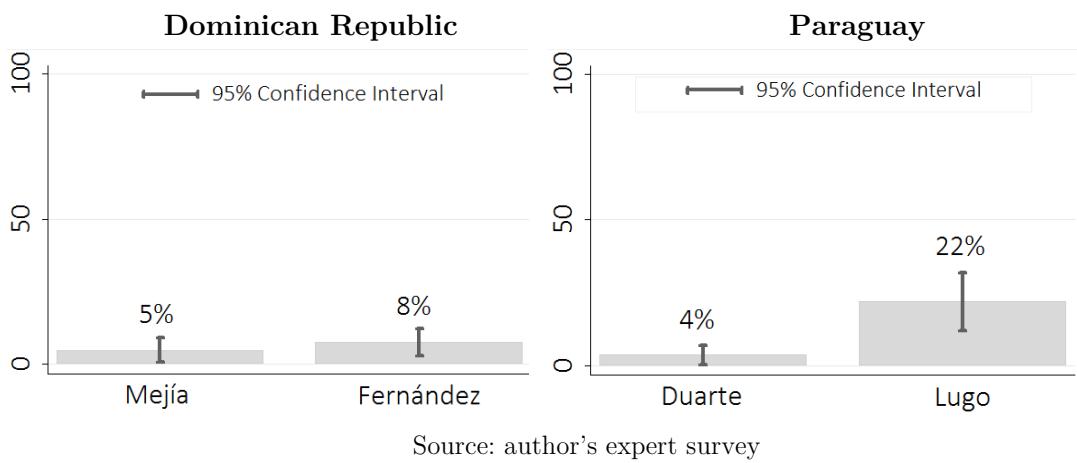
for examinations, including, for instance, representatives of both the hiring institution and of public employees (MAP, 2009; SFP, 2008). Moreover, SFP and ONAP/MAP ratification of examinations was required at the end (Paraguay) or at every stage of the selection process (DR) (Strazza, 2012; Interview, SFP Director). This was more than a formality. In the DR, for instance, ONAP rejected 46 percent of selected candidates in 2005-06 (cited in Participación Ciudadana, 2007). As a MAP Director (Interview) explains, “of course we are overloaded with [revision] work, but this is a guarantee that the selection is made adequately ... we do not accept irregularities in the process.” (Interview, MAP Director) To some extent then, ONAP/MAP and SFP ratifications served as seals of approval of technically sound processes.

Yet, vulnerabilities in a subset of examinations remained, in particular where SFP and ONAP/MAP supervision was absent. According to participants and observers of examinations, interview evaluations were, at times, skewed; exam materials leaked; terms of reference tailored to the profiles of preferred candidates or, alternatively, framed sufficiently vague to permit discretionary evaluations; vacancy dissemination restricted to party members and friends; and competing candidates excluded due to lack of compliance with minute application requirements, the removal of supporting documentation or the “loss” of their applications. Authorities could also simply recruit candidates other than the ones coming first in competitive examinations (Paraguay: Interview, Union Leader; Interview, Presidency Advisor; Interview, SFP Director; DR: Interview, NGO Analyst; Interview, MAP Director; Interview, Health Director).

Expert estimates confirm these vulnerabilities in both cases, albeit with great variation in the extent of them. Recall from chapter 3 that these estimates are based on coded responses of experts assessing professionalization in fifteen typical public sector institutions in Paraguay and the DR; weighted averages of mean institutional estimates then yield country-level estimates. According to these estimates, the share of vacancies filled through *substantively* competitive examinations rose from 4 percent to 22 percent in Paraguay under Lugo – yet only from 5 percent to 8 percent in the DR

under Fernández (figure 4.3). In the DR, the minor increase under Fernández is not statistically significant when applying an adjusted Wald test (at the 10 percent level). In contrast, the increase in substantively competitive examinations under Lugo is statistically significant at the 1 percent level.<sup>66</sup>

**Figure 4.3 Country-Level Expert Estimates: Share of Vacancies Filled through Substantively Competitive Examinations**



Note also that the increase in Paraguay (22 percent) is smaller than the aforementioned share of vacancies filled through *formally* competitive examinations supervised by the SFP (26 percent). In other words, vulnerabilities existed but were, in contrast to the DR, limited to a small minority of examinations.<sup>67</sup> This cross-case variation may not surprise: civil service ministry supervision extended to an important number of examinations in Paraguay (as aforementioned: 26 percent of all vacancies), yet not the DR (1 percent of all vacancies).

In Paraguay, other evidence confirms expert estimates of relative SFP success in insulating examinations from undue interference. First, parties took

<sup>66</sup> The Paraguayan test yielded a p-value of 0.001 with 86 degrees of freedom (df); the DR test yielded a p-value of 0.374 with 98 df. Note that these statistical results and the confidence intervals in figures 4.3 and 4.6 should be interpreted with great caution: they assume an approximate normal distribution. As noted in chapter 3, experts were not sampled randomly and independently, but rather purposively and through chain referral; as such, the normal distribution assumption may not hold.

<sup>67</sup> As a caveat, these differences may also stem from imperfect overlap between the sample of institutions surveyed and those covered by the public service law as well as expert judgment error or bias.

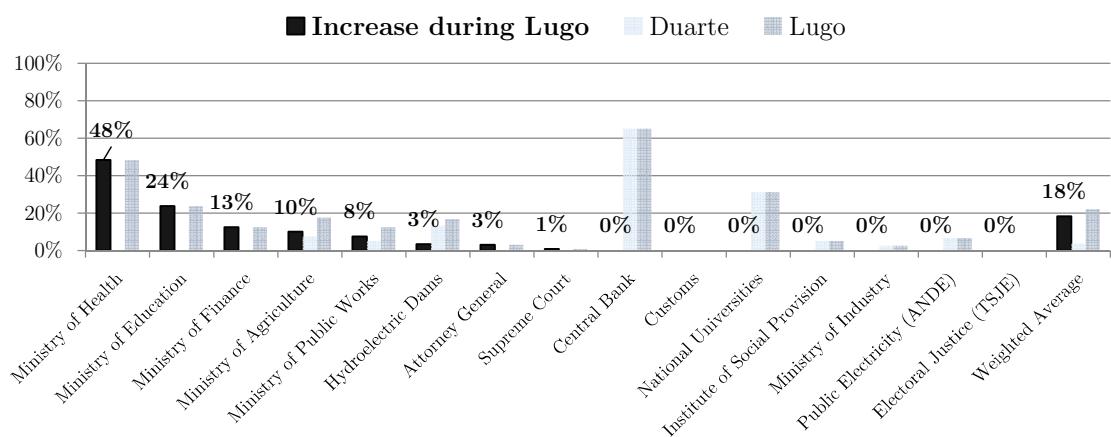
examinations seriously as job opportunities for their affiliates even when not in control of the selection process. To illustrate, the opposition Colorado Party (*Asociación Nacional Republicana – Partido Colorado*, ANR) offered training courses in its party offices to prepare members to partake in exams for positions (Interview, Education Vice-Minister). The Liberal Party (*Partido Liberal Radical Auténtico*, PRLA) in turn assisted party members in preparing the supporting documentation for their applications (Interview, Agriculture Vice-Minister). Second, formal complaints were filed against less than 0.5 percent of examinations supervised by the SFP (Interview, SFP Director).

In contrast, in the DR, such evidence is missing. Instead, even Fernández' Director of the National Council for State Reform (*Consejo Nacional de Reforma del Estado*) (Interview) concluded that “they undertake competitive processes, but at the end the position is awarded to whom the incumbent wants, or who the selection team decides for – and, at the moment of decision-making, the party criteria are of weight ... it is a disgrace.” As a result then, “citizens, generally speaking, do not trust this selection process. They understand that it is a politicized process. When state institutions seek to recruit via public examinations, they often have to repeat the process two or three times as they frequently do not receive applications, because people say: ‘ah, they call for an examination, but already have whom to select there.’” (Interview, NGO Analyst) This is reflected in the low number of applicants: on average, each vacancy counted with only 2.7 candidates – despite a high public sector wage premium (based on 2007-12 data provided by MAP). It is also reflected in low trust of public employees in examinations: only 36.7 percent of employees surveyed consider that examinations comply with all procedural requirements (Gallup Republica Dominicana, 2010). Not less important, it is also reflected in Fernandez' own assessment of bureaucratic professionalization. In an exchange with a university audience, he reportedly noted that professionalization was a pending task, with ‘partocracy’ – democracy based on party affiliations – at fault for the lack of quality of public officials

(Mitchell, 2009). In short, examinations appear to a façade for patronage in an important number of cases in the DR, yet not Paraguay.

For the Paraguayan case, expert estimates also confirm the finding from official data that professionalization focused on select institutions. As illustrated in figure 4.4, most progress was made in the Ministry of Health and, to a lesser extent, the Ministries of Education, Finance and Agriculture. The paradigm shift from patronage to professionalization in the Ministry of Health stemmed, as aforementioned, from a ministerial instruction to rely on examinations whenever possible. Progress in Education stemmed from perceived improvements in the meritocracy of teacher recruitment (Interview, Education Vice-Minister); and, in Agriculture, from competitive examinations for the staffing of a ‘family agriculture’ Presidential flagship program (Interview, Agriculture Vice-Minister). As aforementioned, smaller social service delivery institutions outside the scope of the expert survey – such as the Ministries of Social Action and Children and Adolescents – mirrored this shift. Except for the Ministry of Finance – which continued on a professionalization trajectory initiated in 2003 – professionalization thus focused on social services.

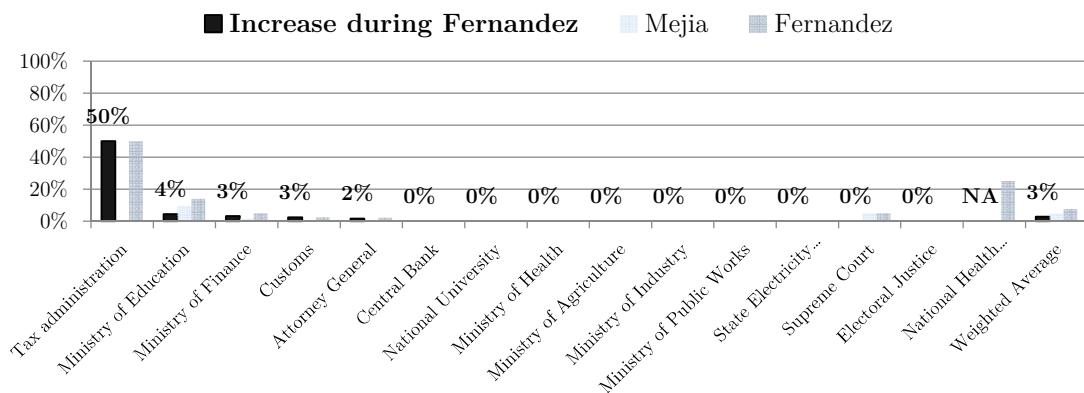
**Figure 4.4 Expert Estimates (Paraguay): Increase in Share of Vacancies Filled through Substantively Competitive Examinations**



Source: author’s expert survey

In the DR, as illustrated in figure 4.5, only the tax administration agency (DGII) saw an important increase in the share of vacancies filled through substantively competitive examinations under Fernández.

**Figure 4.5 Expert Estimates (DR): Increase in Share of Vacancies Filled through Substantively Competitive Examinations**



Source: author's expert survey

In terms of the prior generalization – lack of reform where it curtailed incumbent patronage – tax administration is the exception which proves the rule. It accounted for less than 1 percent of total public employment in the DR (annex E.2); its contribution to professionalizing the public sector as a whole was thus minimal. At the same time, tax administration is one of the few state institutions in which professionalization may be patronage-enhancing. In part thanks to professionalization (see DGII, 2007), the country's tax revenues increased from 12.9 percent of GDP in 2004 to 15.9 percent in 2007 (World Bank, 2013b). Forsaking patronage in tax administration thus increased the overall patronage budget available to Fernández. As this particular reform rationale – increasing patronage through professionalization – was, with few exceptions, not replicable in other institutions, professionalization outside taxation stalled.<sup>68</sup>

<sup>68</sup> As a caveat, enhancing patronage was one of several motivations for the professionalization of tax administration. IMF conditionalities to reduce public debt in the aftermath of the fiscally costly 2003 banking crisis and reform pressure from business groups also incentivized reform (Guzman, 2008; Lozano, 2012). Beyond tax administration, several institutions not covered by the expert survey – in particular the

As detailed next, a similar pattern – advances in Paraguay, yet not the DR – is observable in professionalization through meritocratic patronage.

*Expert Estimates: Meritocratic Patronage in Paraguay and the DR*

In both Paraguay and the DR, personnel selection was, as laid out above, largely based on discretion. Discretion, however, need not translate into lack of professionalization. Incumbents may rely on meritocratic patronage: the prioritization of professional criteria in discretionary personnel selection.

As a means for professionalization, meritocratic patronage is, of course, not a perfect substitute for competitive examinations. Rather than ensuring equal opportunity, it limits candidacies to members of the networks of institutional authorities. Precluding delegation to HR directorates, it diverts scarce time of top-level officials from strategic tasks to the operative task of personnel selection. And with appointees owing their positions to transient incumbents, it creates doubts among future incumbents about the allegiance of personnel – who may prioritize loyalty to their appointer over loyalty to the state.

Incumbents seeking to professionalize the state may, nonetheless, rationally choose meritocratic patronage over competitive examinations in certain instances. In Paraguay, in particular, reformist authorities were concerned that examinations risked selecting candidates who were formally the most qualified, yet loyal to unions, parties or personal networks rather than the state (Interview, Finance Advisor); or candidates who were suspected of yet – in the context of weak judicial systems – not proven to be corrupt (Interview, Finance Minister). Moreover, the presence of bureaucratic actors – such as unions or nepotist groups – potentially able to manipulate examinations was feared to thwart objective selections (Interview, Finance Vice-Minister). And lastly, authorities were anxious to lose the ability to lure,

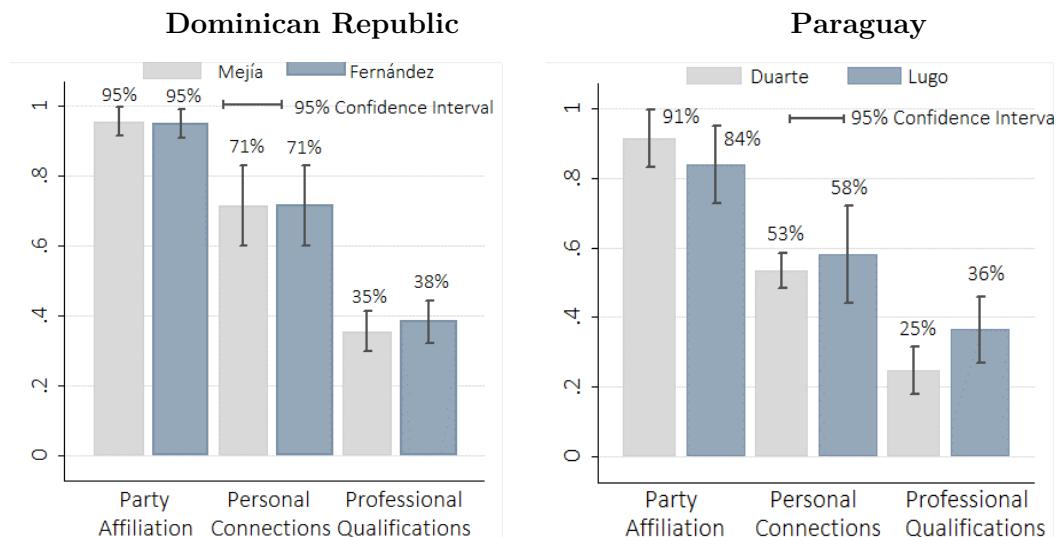
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Banking Superintendency in the aftermath of the banking crisis – were also partially professionalized to protect or enhance patronage, and to respond to IMF and business pressure (Interview Finance Director). As an NGO analyst (Interview) concludes: “they worked with a certain rigor in all [institutions] which had to do with revenues.”

through direct appointment, candidates with skill sets for which private sector competition was fierce (Interview, Finance Director). In these instances, meritocratic patronage enabled authorities to professionalize without incurring the costs of examinations. As an advisor in the Ministry of Education in Paraguay (Interview) puts it then, “the majority of politicians trust selective meritocracy, not massive competitive examinations.”

With that in mind, meritocratic patronage advanced in Paraguay, yet not the DR (figure 4.6). Professional qualifications gained in relevance in discretionary personnel selection in Paraguay under Lugo, with a statistically significant increase at the 5 percent-level according to an adjusted Wald test. In contrast, professional qualifications did not see a statistically significant increase among personnel selection criteria in the DR.<sup>69</sup>

**Figure 4.6 Expert Estimates:  
Criteria Prioritized in Discretionary Personnel Selections**



Source: author's expert survey

In both cases, however, professional qualifications remained, *on average*, tertiary criteria. Party affiliation followed by personal connections was instead

<sup>69</sup> The Paraguayan test yielded a p-value of 0.048 with 81 df; the DR test a p-value of 0.503 with 98 df.

prioritized. To be selected, candidates frequently needed not only party membership but also personal links. As a former Minister of Education in the DR (Interview) explains, “in this country personal relations are a political party in themselves.” This is not least as the countries are “a very small setting where almost everybody knows each other. It is very easy to know who is friends with whom.” (Interview, NGO Analyst DR) In the DR, consideration of personal connections is institutionalized to such an extent that authorities, to avoid allegations of nepotism, engage in recruitment ‘exchanges’. As a party official explains, “we help each other and do what we call ‘the exchange’: to avoid public allegations of nepotism in our institutions, I ask someone from another [institution] that he appoints one of mine ... and I put his [in my institution].” (cited in Benito Sanchez, 2013, p. 10)

As with professionalization through examinations, professionalization through meritocratic patronage only proceeded in select institutions. In the DR, only the tax administration and the National Health Insurance (SENASA),<sup>70</sup> which had been created under Fernández, featured meritocratic patronage (annex F.1). In Paraguay, professional qualifications only came to dominate in the Ministries of Health and Finance (annex F.2). The latter continued an informal professionalization trajectory initiated in 2003. To improve its technical capacity, it pursued a strategy of directly recruiting postgraduates from reputable international universities. As a result, the share of personnel with Master’s degrees in the Vice-Ministry of Economy and Integration, for instance, rose from 5 to 36 percent in 2003-2012 (Lafuente, Ramos, & Roseth, 2012).

### ***Explanandum for Theory Testing: Selective Professionalization in Paraguay, yet not the DR***

For the patronage control theory, professionalization in practice is the dependent variable of interest. This chapter’s corresponding conclusion is clear: professionalization

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<sup>70</sup> SENASA only began operating in 2005. As such, comparing its level of professionalization with that of the preceding Mejia administration is precluded. Even if it was, SENASA’s contribution to professionalization would have been minimal: it accounted for less than 0.2 percent of public employment (annex E.2).

advanced in Paraguay, yet not the DR. Moreover, the reform locus – an important process observation to test one of the theory’s observable implications (see chapter 3) – may be specified. Professionalization advanced principally in technical-level positions in social service delivery; it thereby focused on both internal and external vacancies – and, as such, recruitment and promotion.

Chapters 5 and 6 will also account for two further professionalization patterns identified in this chapter: failure of public sector-wide professionalization in Paraguay and reform progress in measures which did not curtail patronage in the DR – most notably its “calligraphic revolution” in public service legislation (Interview, NGO Analyst).<sup>71</sup> Accounting for these patterns does not add to the test of the patronage control theory *per se*. By showcasing how prominent rival explanations account for *explananda* other than professionalization in practice, however, it lends additional credence to the causal power of the theory. Moreover, it provides for a more complete account of the two cases’ bureaucratic reform trajectories.

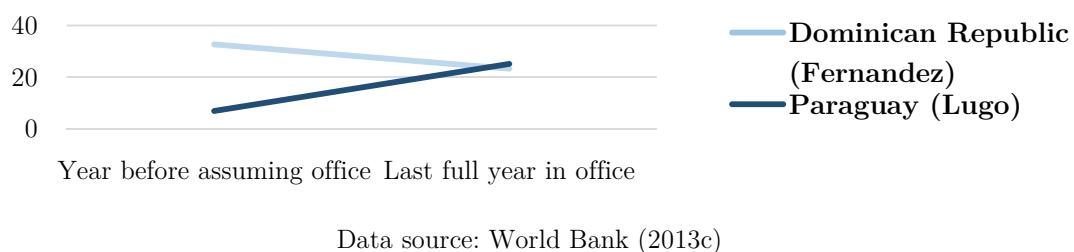
This chapter’s key conclusion – professionalization advanced in Paraguay, yet not the DR – is confirmed by several proxy indicators. In a regional civil service diagnostic which rewards both *de jure* and *de facto* professionalization, Paraguay increased its merit score from 13 to 40 (out of 100) (2004-13), while the DR only rose from 7 to 27 based on, principally, *de jure* progress (2004-12) (IDB, 2014). Another diagnostic then concludes that, in the DR, “recruitment to work in government is permeated by political recommendations and clientelism.” (Iacoviello, 2009, p. 60) Concomitantly, DR survey data finds that 80 percent of public employees – yet only 52.5 percent of the populace – sympathize with a political party, with 83 percent of public employees with party memberships identifying themselves as members of the governing PLD (Morgan & Espinal, 2010).

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<sup>71</sup> Note that this revolution was not limited to public service. In 2004-12, the Fernández administration passed 15 state reform laws. It did not seek more than their selective enforcement, however (Ministerio de Economía Planificación y Desarrollo & CONARE, 2010). The Fernández’ 2012 budget deficit, for instance, violated both the new constitution and 12 of the new laws (Bolívar Diaz, 2012).

Similarly, corruption indices – utilized by some scholars as a proxy for patronage (Kenny, 2013; Manow, 2002) – suggest that patronage improved under Lugo, yet not under Fernández. As illustrated in figure 4.7, Paraguay climbed from the 7<sup>th</sup> to the 25<sup>th</sup> percentile rank in the World Bank’s Control of Corruption Indicator<sup>72</sup> under Lugo (2007-2011), while the DR fell from the 42nd to the 23rd percentile rank under Fernández (2004-2012).

**Figure 4.7 Control of Corruption in Paraguay and the DR**



Data source: World Bank (2013c)

Lastly, note that while Paraguay’s professionalization progress may appear minor in magnitude, it is, in historic comparison, a substantive reform. In a context of no prior experience, competitive examinations were extended to roughly a quarter of vacancies within four years. To cite two comparative historic examples: in the United States, it took 21 years after the passage of the Pendleton Act to extend the merit service to 50 percent of the civilian labour force (R. Johnson & Libecap, 1994); and, in Argentina, the country’s civil service system SINAPA (*Sistema Nacional de la Profesión Administrativa*) required eight years to reach its maximum coverage of roughly 25 percent of the public service (Grindle, 2012). Despite all its limitations then, professionalization in Paraguay was lauded by, for instance, a local journalist (Interview) as one of the “great achievements of the Lugo administration.”

<sup>72</sup> As the World Bank indicator mixes capacity, procedural and output measures, it is an imperfect corruption measure. The large shifts in the two cases nonetheless provide plausible evidence for important changes in corruption levels.

To account for why bureaucratic professionalization advanced in Paraguay – yet not the DR – chapters 5 and 6 will test, first, the patronage control theory and, subsequently, competing demand and supply-side explanations.

Prior to doing so, a scholarly contribution of this chapter in its own right shall be delineated: the implications of the case comparison for our understanding of the relationship between professionalization in law and practice.

### **Conclusion: The Illusion of Bureaucratic Professionalization through Legal Reform**

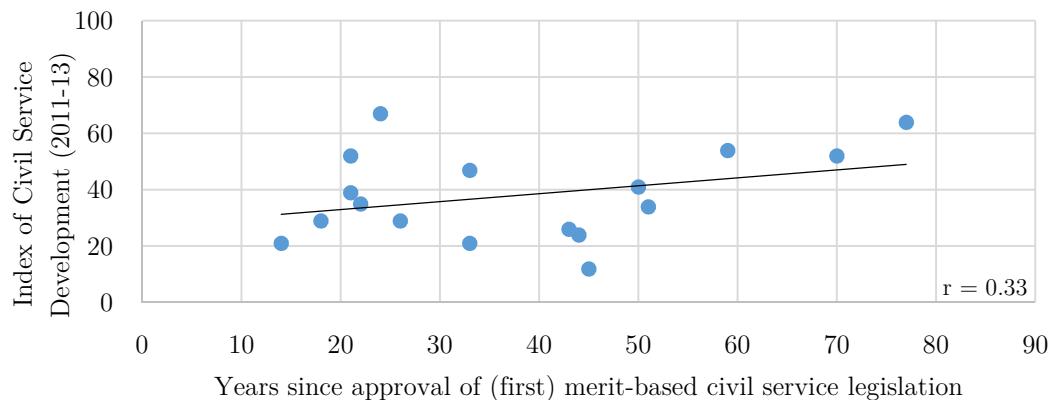
As noted at the outset of this chapter, scholars have increasingly operationalized bureaucratic professionalization via the adoption of merit-based civil service legislation. Similarly, practitioners seeking to advance professionalization in patronage bureaucracies frequently advocate legal reform among priority measures (see, for instance, OECD, 2009). In some instances, legal reform comes to constitute an “objective in itself.” (Verheijen, 2000, p. 26) This is not least as the support of external actors for professionalization is frequently characterized by “a bias toward formal institutions.” (Andrews, 2013, p. 8; see, among many, also Shirley, 2005)

Yet, as the case comparison in this chapter suggests, professionalization in law and practice may not correlate. The DR featured a normative revolution, yet Paraguay professionalized in practice. In Latin America, this finding reflects a region-wide reality. As noted in chapter 3, all Latin American countries have enshrined merit-based career public services in law and constitution. Yet, few Latin American countries count on professional public services. Moreover, as illustrated in figure 4.8, the length of time since which countries have counted on career civil services in law is only weakly correlated ( $r = 0.33$ ) with their level of professionalization as proxied by the IDB’s Index of Civil Service Development.<sup>73</sup>

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<sup>73</sup> The correlation of civil service legislation with professionalization in practice is particularly weak when considering that the IDB’s Index rewards professionalization not only in practice, but also in law.

**Figure 4.8 Age of (first) Merit-based Career Service Legislation vs. Civil Service Professionalization in Latin America**



Source: author's own elaboration, based on IDB (2006, 2014)

This weak to non-existent relationship between civil service legislation and professionalization in practice may occur through four complementary channels. First, capacity shortfalls and design errors may lead to unintended implementation problems: putting new rules into practice is inevitably fraught with problems (see Pressman & Wildavsky, 1984).

Second, civil service legislation may leave incumbents with what Meyer-Sahling (2006b, p. 693) terms “formal political discretion:” patronage permitted by law (see also, among many, Kopecky et al., 2012). As the DR case underscored, an incumbent intent on exercising patronage powers may identify loopholes even in good practice civil service laws. In the DR and elsewhere, incumbents make legal recourse to patronage by hiring through temporary contracts, hiring in parallel institutions not governed by civil service statutes or simply by not issuing decrees regulating public service laws, among others (Grindle, 2012; Scherlis, 2010; Sotiropoulos, 2004).

Even if detailed legal stipulations succeeded in closing loopholes for evading civil service laws, the resulting lack of *de jure* discretion would not forestall *de facto* discretion. In weak rule of law<sup>74</sup> contexts, compliance with civil service legislation is *de facto* optional for incumbents; such (un)rule of law contexts are characteristic of

<sup>74</sup> I follow Weingast (1997, p. 245) in understanding the rule of law as the “set of stable political rules and rights applied impartially to all citizens.”

patronage bureaucracies. As public employees – including those in charge of legal compliance – are appointed based on political-personal rather than professional criteria, their decision-making is frequently guided by political-personal rather than professional-legal criteria. As Fukuyama (2014, p. 51) argues more generally, “the first and most important institution ... is an administratively capable government ... before a government can be constrained by ... law.” Statistical studies of OECD countries largely corroborate this assertion empirically (Charron, Dahlström, & Lapuente, 2012).

Similarly, in Latin America, rule of law is strongly correlated with civil service professionalization ( $r=0.86$ ) (based on proxy indicators in IDB, 2014; World Bank, 2013c). Legal violations of civil service legislation thus tend to go unpunished in patronage bureaucracies. Examples in Paraguay and the DR abound (see chapters 4 to 7). To cite one aforementioned example: in the DR, employees were, after the 2008 public service law, recruited temporarily, yet subsequently incorporated into tenured career positions – despite a legal prohibition to do so without competitive examinations. Case evidence elsewhere confirms the resulting “dead letter” nature of civil service legislation in many patronage bureaucracies (see, among many, Emrich-Bakenova, 2009; Goetz, 2001, p. 1036).

And, fourth, even if horizontal accountability institutions forced incumbents to comply with formal requirements for merit-based recruitment and promotion, incumbents may retain patronage powers by resorting to façade examinations in weak institutional contexts. As the case comparison illustrated, incumbents may count on an array of covert manipulation measures to retain discretion while formally selecting candidates through examinations.

As a result of *de jure* and *de facto* discretion, civil service laws tend not to curb the possibility frontier for patronage. Unsurprisingly then, scholars have been virtually unison in concluding that, to name a few, “civil service laws have seldom been the expected catalysts for ... professionalization”; “the enactment of civil service legislation does not automatically lead to the institutionalization of merit”; “the fate of career civil service reform initiatives is generally determined after they have been

legislated”; and “the adoption … of civil service laws … does not necessarily lead to the de-politicization of civil services.” (Grindle, 2010, p. 2; Lapuente & Nistotskaya, 2009, p. 443; Meyer-Sahling, 2006b, p. 693; Verheijen, 2000, p. 29)

Civil service legislation is thus argued to bring about not professionalization, but rather a formal institution which, through its “activation,” permits incumbents to professionalize when they see fit (Levitsky & Murillo, 2013, p. 103). According to these scholars then, the merit of merit laws lies in enabling merit. They are a necessary but insufficient condition for professionalization.

The case comparison in this chapter suggests an even more far-reaching conclusion is warranted: merit-based civil service laws are neither a necessary nor a sufficient condition for professionalization.<sup>75</sup> In other words, incumbents may professionalize irrespective of whether or not merit-based civil service legislation exists. The rationale for this conclusion is two-fold.

First, while public personnel laws differ in the extent of patronage they permit, they all allow for professionalization. The Paraguayan case provides a vivid illustration. Professionalization advanced despite legal confusion about whether the 2000 public service law was applicable – or whether, instead, recourse to the 1970 Civil Servant Statute from the Stroessner dictatorship was necessary. For professionalization in practice, the difference was negligible. Even the 1970 Statute noted that recruitment into the administrative career was to be “subject to prior verification of … merit, capacity and aptitudes.” (Congreso de la Nación Paraguaya, 1970, p. 2) In other words, even in contexts adverse to professionalization, public personnel legislation did not explicitly forbid meritocratic recruitment and promotion. This is unsurprising: political legitimacy demands – the maintenance of a façade of a professional state – tend to forestall explicit legal prohibitions of professionalization (see, for similar façade rationales in other state reforms, Andrews, 2013). “Window dressing” in response to

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<sup>75</sup> While Meyer-Sahling (2006a) puts forward a literally similar claim, he only accounts for why merit-based service legislation is insufficient for professionalization – yet not for why it is not necessary.

domestic and international demands thus safeguards leeway for professionalization (Levitsky & Murillo, 2009, p. 118).

Second, even the absence of civil service legislation – be it for window dressing or otherwise – does not preclude professionalization. Labour and other legislation – which usually regulates public personnel absent civil service legislation – tends, similarly, not to contain bans on meritocratic recruitment and promotion. Professionalization thus may – and does – proceed without civil service laws – as in France until 1946, for instance (Grindle, 2012).

With or without civil service legislation, professionalization of patronage bureaucracies is thus *de facto* optional for incumbents in weak-rule-of-law patronage states. As a result, civil service legislation does not affect the incumbent's possibility frontier for either patronage or professionalization in practice. The weak to non-existent correlation between professionalization in law and practice in the two cases and Latin America at-large is thus unsurprising. Incumbents professionalize in practice when facing political incentives to do so – irrespective of legal requirements. Outlawing the spoils – as the title of a prominent account of the U.S. Pendleton Act reads (Hoogenboom, 1961) – is thus an elusive objective.

This finding has implications for both scholars and practitioners. For practitioners, it puts a premium on prioritizing professionalization in practice. As the discussion above underscored, civil service laws are likely to contribute to professionalization only once a modicum of respect for the rule of law has been established. Tepid professionalization – which does away with patronage as the predominant rule of the game – is likely to be a requirement for this modicum. The traditional practitioner approach to civil service reform – seeking professionalization in, first, law and, then, practice – should thus be reversed. Professionalization in law is an ineffective conduit for professionalization in practice. Moreover, donor support for legal professionalization may, in fact, incentivize more *patronage* in practice. Such support provides legitimacy to ‘window dressing’ incumbents who, concurrently, exploit patronage in practice to the maximum (see chapter 6).

From a scholarly perspective, the finding cautions against reliance on the adoption of civil service laws to operationalize professionalization. As argued, civil service laws are not only poorly correlated with professionalization in practice, but also neither sufficient nor – contrary to prior scholarly assumptions – necessary for professionalization. Moreover, the political determinants of civil service professionalization in law and practice are fundamentally distinct (see chapters 5 and 6). As noted in the practitioner implications, legal reforms may be adopted without any implementation intent. Instead, such window dressing helps incumbents resolve an important dilemma: the need to concurrently demonstrate civil service reform progress to domestic and international actors *and* retain patronage powers. In other words, legal reforms make bureaucracies look more professional without professionalizing them in practice. Outlawing the spoils is thus an illusion. Consequently, the wave of recent scholarly works equating professionalization with civil service laws is likely to suffer from serious validity limitations. For future studies, this puts a premium on meritocracy in practice as the appropriate operationalization of professionalization.

As a corollary, confidence in the validity of the identified dependent variable variation is enhanced: *de facto*, professionalization advanced in Paraguay, yet not the DR. In the next chapter, I will test whether the patronage control theory holds explanatory power for this outcome.

# 5

## Testing the Theory **Institutional Incentives for Bureaucratic Professionalization in Paraguay and the DR**

In this chapter, I test and find empirical support for the patronage control theory. I do so by, first, showing how institutions allocating patronage control incentivized or disincentivized incumbents to advance professionalization in the two cases. Subsequently, I demonstrate that reform support and opposition of electoral challengers in the two cases are consistent with theoretical predictions. Finally, to rule out that institutions allocating patronage control merely reflect, as intervening variables, deeper causes of professionalization, I show that the factors originating these institutions are distinct from those incentivizing professionalization.

Recall from chapter 3 that the cases of Paraguay and the DR were selected following a ‘most similar system design.’ Consistent with this design, Presidents Lugo and Fernández greatly differed in their institutional control over patronage. As shall be detailed first, President Lugo was largely deprived of control over patronage in what the UNDP (2009, p. 39) terms a “quasi-parliamentarian system” which, at the same time, allocates important patronage powers to the legislature and shifts part of the remaining private goods benefits of the patronage bureaucracy to public employees. Thus unable to compete electorally based on patronage alone, Lugo faced incentives to pursue reform in order to enhance public goods provision; elicit cooperation from tenured bureaucrats inherited from prior Colorado administrations; and, to a lesser extent, deprive his electoral challengers of their patronage access.

In sharp contrast, President Fernández as “a kind of Republican monarch” (Collado, 2005, p. 60) monopolized control over patronage in a system of “excessive presidentialism” (World Bank, 2004, p. 104) with few institutional

constraints on Presidential patronage control. As a result, incentives to reform stemming from an inability to compete electorally based on patronage, from opportunities to deprive challengers of patronage control or from a necessity to elicit cooperation from tenured bureaucrats were largely nonexistent. To the contrary, monopolized patronage control disincentivized reform as it greatly advantaged the incumbent in electoral contests with challengers. Keenly aware of this electoral advantage, Fernández did not support reform beyond normative and formalistic changes.

Consistent with theoretical predictions, incumbent support to professionalization contrasted with that of challengers. In the DR's hyper-presidentialist system, the opposition readily supported professionalization; in Paraguay's quasi-parliamentarian system, it resisted it.

Incumbent incentives to advance professionalization were thereby an unintended consequence of prior choices about the institutional allocation of patronage control. In both Paraguay and the DR, patronage control was monopolized in the Presidency prior to democratization. In Paraguay's post-1989 democratic transition, factional conflicts over access to patronage in an electorally dominant Colorado Party incentivized shifting patronage powers away from the Presidency. In contrast, the DR's 1994 transition introduced a range of constitutional guarantees against electoral fraud, yet – in the context of a President firmly controlling his party and facing fierce inter-party competition – did not undo the country's hyper-presidentialist system. The origins of Paraguay's professionalization – and the DR's patronage resilience – thus lay in institutional differences of their patronage states.

### **A Victor without Spoils: Lack of Presidential Patronage Control and Bureaucratic Professionalization in Paraguay**

When President Lugo came to power in Paraguay in 2008, it was the country's first alternation in governing parties since 1947. The Colorado Party (ANR) had been longer in power than any party in office in 2008 in the world. It had ruled for 61 years: 44

years in an authoritarian and 17 years in a democratic regime. The ANR lost its grip on power when a political outsider – former bishop Fernando Lugo – formed a ‘Patriotic Alliance for Change’ with the Liberal Party (PLRA).

Note that Lugo’s election – yet not his re-election prospects – was an outcome exogenous to the patronage control theory. As in the DR case, this source of exogeneity permits the identification of the causal effect of institutions allocating patronage control. Lugo assumed the Presidency despite lacking, relative to his competitors, control over patronage to mobilize electoral support. As of 2006, the ANR counted on 1.54 million members – a majority of registered voters – and held pluralities in Congress, the majority of subnational governments and the Presidency (Abente Brun, 2007; Paredes, 2007). Lugo’s victory was possible thanks to support from the PLRA, the country’s second largest party in terms of both membership (0.6 million in 2006) and representation in Congress and subnational governments – and thus patronage control; thanks to support from a range of smaller left-leaning movements; thanks to his reputation as a ‘bishop of the poor’ which provided some credibility to his public goods promises (Abente Brun, 2009); and thanks to ANR divisions. By 2007, the ANR was fragmented into roughly 20 factions and had, in 2002, seen the formation of a splinter-off party, the National Union of Ethical Citizens (UNACE) (Zavala Zubizarreta, 2013). Cumulatively, the divided Colorado vote amounted to 52.5 percent in the 2008 election – far exceeding Lugo’s 40.8 percent (Abente Brun, 2009).

Lugo’s election also implied that an important scope condition of the theory would hold in the Paraguayan case: political fragmentation (see chapter 3). Lugo won the Presidency, yet not control of Congress. In the 2008 elections, parties supporting Lugo captured 18 out of 45 seats in the Senate. The PRLA accounted for 15 of the seats, Lugo’s core support party, the *Movimiento Popular Tekojoja* (MPT), for one and other centre-left parties for two. A 23-seat Senate majority was then held by the ANR and the ANR-splinter off UNACE. In the 80-member Chamber of Deputies in turn, Lugo’s alliance had obtained 31 seats, with 29 held by the PRLA, one by the MPT and one by another centre-left party (Abente Brun, 2009; USAID, 2009).

Moreover, while factors exogenous to the patronage control theory had brought Lugo to the Presidency, these factors were unlikely to enable him and his political movement to secure re-election. Renewed PLRA support was not forthcoming. The ‘Patriotic Alliance for Change’ had been brought together by the goal of removing the ANR from power, yet not a common policy platform. Only weeks after Lugo took office, Vice-President Franco from the PLRA reportedly noted that he expected to replace Lugo as President shortly (Interview, Journalist). In mid-2009, he formally led the PLRA out of the ‘Patriotic Alliance’, even though two majority PLRA factions continued in government (Lambert, 2011). When losing the support of these factions in June 2012, Lugo was impeached from office (Marsteintredet, Llanos, & Nolte, 2013). At the same time, ANR divisions became more muted, with the Colorado Party unifying around a common goal to reclaim the Presidency (ABC Color, 2011a). Lastly, voters were – as in the case of political outsiders elsewhere – likely to base their re-election decision on retrospective performance (see de Ferrari & Carreras, 2014). In other words, they were likely to vote based on public and private goods receipts – rather than prospective promises.

To secure re-election, Lugo thus depended on the mobilization of an electoral support base of his own. That Lugo harboured such re-election ambitions for himself and his party is manifest. Lugo’s supporters unsuccessfully attempted to seek a constitutional revision of the prohibition of Presidential re-elections, and Lugo successfully secured a 2013 Senate seat, next to four more seats for his party (ABC Color, 2013a; Paraguay.com, 2011). As shall be argued, the mix of public and private goods Lugo relied on to mobilize support for re-election was decisively shaped by his limited control over patronage – in a context in which patronage is central to electoral mobilization.

### *Institutions and Lack of Presidential Patronage Control in Paraguay*

Institutional constraints on Presidential patronage control in conjunction with minority representation in the legislature deprived Lugo of most

control over recruitment, pay, promotion, dismissals, the creation of positions and the determination of the patronage budget.

Lugo's control over recruitment was constrained both inside and outside the executive. As noted, Lugo had come to power with minimal legislative representation, with his MPT obtaining only one Senate and one Chamber of Deputies seat each. As a result, recruitment of legislative staff was dominated by the ANR and PLRA which had jointly obtained 29 of 45 Senate and 56 of 80 Chamber of Deputies seats. Moreover, recruitment in the executive was partially conceded to the PLRA. Lugo depended on PLRA support to secure the one-third legislative minority needed to avoid impeachment. As *quid pro quo* for legislative and prior campaign support, the PLRA obtained control of, among others, the Vice-Presidency, the hydro-electric dam Itaipú as well as the Ministries of Public Works, Agriculture and Industry. To construct legislative majorities, further patronage concessions to mobilize votes from the ANR or UNACE were needed.

Institutional constraints added to governability concerns in limiting Lugo's control of recruitment. Paraguay's 1992 Constitution turned the country's legislature into one of the region's most powerful (World Bank, 2005b). It may, among others, appoint or approve Supreme Court Justices, the Judicial Council in charge of selecting judges, the Attorney General, the Comptroller General, the Ombudsman, the Tribunal of Electoral Justice, the Central Bank directorate, ambassadors and high-level army and police officials. Since a 1993 Governability Pact, the legislature relied on quotas – based on legislative representation – for these high-level appointments. This led to ANR dominance in most non-executive bodies. To illustrate, five of eight Judicial Council members and six of nine Supreme Court judges were ANR-affiliated when Lugo came to power (USAID, 2009).

Institutional constraints also deprived Lugo of control over the setting of the patronage budget, the creation of new positions as well as the determination of pay and promotions. The Constitution enables Congress to alter, with a simple majority vote, the executive budget bill at will – irrespective of constraints such as, for instance,

executive revenue forecasts (Congreso de la Nación Paraguaya, 1992). As such, Congress may also determine the ceiling for personnel expenditures discretionarily. Within this ceiling, the budget's personnel annex empowers legislators to create positions and modify salary subcategories up to the detail of individual public servants. As salaries are linked as fixed points to hierarchical categories, promotions of public servants equal re-categorizations into higher salary categories. Positions, salaries and promotions may thereby be determined discretionarily by legislators.<sup>76</sup> While a 2003 executive decree established a position classification, “Congress may do whatever it wants with the personnel annex” – and is thus free to disregard the classification (Interview, Finance Vice-Minister). Note, though, that while legislators may create individual positions and salary sub-categories, they may not legally enforce their assignment to specific individuals. As a result, budget negotiations are, in the words of a former Minister of Civil Service, followed by “calls from legislators to institutional authorities to tell them that a specific budget line is for a specific person.” (cited in Iturburu, 2013, p. 27) Institutional authorities respond by negotiating the inclusion of recruits of their own in the budget in exchange for recruitment of legislators’ appointees (Interview, Education Advisor). As a corollary of this negotiation practice, institutions frequently bypass the Ministry of Finance and Presidency, and negotiate annual budgets directly and individually with legislators.

In conjunction, legislative powers over the creation of positions, recruitment, pay, promotion and patronage budgets turn “every parliamentarian [into] an employment agency.” (Interview, Health Director) This is well-recognized and publicized by legislators themselves. A Colorado Party Congressman, for instance, declared publicly that his job as a legislator has always been “to find spaces for ... party members” and that he is “managing for all those who come to ask me for a job ... in public institutions.” (cited in ABC Color, 2013b)

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<sup>76</sup> The principal exception to this generalization are allowances. These amounted to roughly 14 percent of personnel expenditures when Lugo assumed office and may, within an expenditure ceiling, be determined by the authorities in charge of an institution rather than the legislature (Arrobio & Lafuente, 2008).

During the Lugo Presidency, legislators made ample usage of their patronage powers. When Lugo assumed the Presidency, Congress increased the number of salary subcategories from 435 in 2007 to 1,400 in 2010 (Green & Lafuente, 2010; Manning & Lafuente, 2010). In parallel, legislators approved rapid salary and position increases. The public wage bill rose roughly 15 percent annually between 2008 and 2011 and 35 percent in 2012 (Ministerio de Hacienda, 2012). Many of the salary subcategories and positions created lay outside Lugo's control. To illustrate, the legislature increased, in real terms, its own budget for current expenditures by 121 percent and the corresponding judiciary budget by 113 percent in 2008-2012 – compared to a 69 percent increase in the executive (calculated from Congreso de la Nación Paraguaya, 2007, 2011). Most conspicuously, the Superior Tribunal of Electoral Justice (TSJE) saw, by 2010, a staff increase to over 20,000 in a non-electoral year (SFP, 2011b), and a 2012 budget expansion contemplated the recruitment of 5,000 additional TSJE staff – compared to, roughly, 8,000 to 13,000 executive recruitments per year (2008-11) (based on SFP, 2013b data). TSJE staff increases narrowed in on recruiting party operators for electoral campaigns which – as publicly acknowledged by TSJE authorities – were divided among legislators in a quota system (La Nacion, 2011).

Institutions shifted not only patronage control to electoral challengers in the legislature, but also private goods benefits to public employees. In particular, tenure protections precluded Lugo from replacing most of the appointees of prior Colorado governments. Permanent public servants accounted for 87 percent of central government (executive) personnel, and 79 percent of personnel in the public sector as a whole (SFP, 2011b). For these public servants, dismissals were largely impossible even in cases of non-performance or corruption. While the country's public service law permits dismissals for poor performance and misconduct, unions categorically responded to dismissals with strikes to avoid precedents for future redundancies – thus enhancing *de facto* constraints. Moreover, administrative indictments for dismissals rarely held up in appeals in the ANR-dominated Supreme Court – thus enhancing *de jure* constraints. To illustrate, an advisor in the Ministry of Finance (Interview) noted that “dismissals

via a judicial process are minimal as, of the not even 15 ones I am aware of, all have been lost by the Ministry of Finance.” Upon Lugo’s assumption of office, the SFP thus issued an instruction to institutional authorities to respect the tenure of permanent personnel. As an SFP Minister (Interview) explains, “this was for a basic reason: [otherwise] we would have had a waterfall of appeals before the Supreme Court ... that would have gained [public servants] compensation in the millions.” As a result, fluctuation of permanent public sector staff was low, at between 1 percent and 3.4 percent<sup>77</sup> per year during the Lugo Presidency (SFP, 2013b).<sup>78</sup>

At the same time, Lugo did hold sway over dismissals of temporary personnel. Temporary personnel includes, for instance, confidence posts (*cargos de confianza*) and posts to address temporary necessities such as epidemics or elections. Temporary contracts run one year or less. With unions and courts usually not opposing dismissal or non-renewal of temporary personnel, their fluctuation was higher. In 2008-2011, it stood between 10 percent and 34.9 percent (SFP, 2013b). Yet, relative to public employment at-large, discretionary dismissals of temporary personnel in the select executive institutions under Lugo’s control did not amount to major patronage powers: as noted, only 13 percent of executive positions were temporary, and Lugo only controlled a fraction of them. As a consequence, turnover in the public sector at-large – between 2.4 percent and 8 percent – was still limited compared to other countries (cf. Institute for Government, 2012). As a result, most public servants during the Lugo administration were appointees of prior Colorado administrations.

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<sup>77</sup> These figures are rough estimates. Data on the number of public servants leaving public service voluntarily or involuntarily is self-reported by institutions to the SFP (that is without third-party verification). Moreover, not all institutions report: in 2012, the number reached 106 out of 113 central government institutions.

<sup>78</sup> Note that, next to dismissals, unfavorable transfers of public employees are, without their consent, precluded. To sanction employees, authorities may thus only make recourse to a paid leave in place, locally known as ‘freezers.’ (World Bank, 2005b) Freezers are spaces – ranging from separate buildings to ministerial hallways – where unwanted bureaucrats may be sent to. In some departments, they comprise over 30 percent of staff (Lafuente et al., 2012). From the viewpoint of the patronage control theory, however, freezers do not equal lack of tenure protections. As salaries are still paid, budgetary constraints forestall the mass substitution of “frozen” personnel with appointees of new incumbents.

As noted, a share of public servants – roughly 35 percent – were organized into unions (Lachi, 2012). Unionization was boosted, in particular, by Lugo’s victory. Between his election and assumption of office, public employees formed an additional 150, largely ANR-affiliated unions (Interview, SFP Minister). Note, though, that the mere proportion of unionized employees underestimates union pressure: non-unionized public servants frequently participated in strikes and other pressure activities for generalized benefits. As one of the country’s few organized collective actors, ANR-affiliated unions could utilize their collective action capacity to elicit generalized salary increases from ANR-affiliated legislators during the Lugo administration. As a result, real pay from 2008 to 2012 increased, for instance, by 59 percent for medical doctors and 14 percent for teachers in a context of stagnating private sector real pay – thus constraining Lugo’s budget for discretionary pay increases to clients of his own (Ultima Hora, 2012b).

In sum, institutions shifting patronage control away from the executive in conjunction with weak legislative support largely deprived Lugo of patronage control (table 5.1). Electoral challengers in the legislature controlled, both inside and outside the executive, most pay and promotion decisions, the patronage budget allocation, the creation of positions and a share of recruitment. In addition, tenure protections and generalized pay rises transferred part of the private goods benefits of the patronage bureaucracy to largely ANR-affiliated public servants.

For Lugo, these institutional constraints on Presidential patronage control were ‘sticky’ and thus binding. In a country which, at Lugo’s assumption of office, ranked in the bottom 15<sup>th</sup> percentile in the World Bank’s Rule of Law Governance Indicator<sup>79</sup>, it may appear paradoxical to argue for a causal role of institutions (World Bank, 2013c). Other formal institutions – including merit-based civil service legislation (see chapter 4) – are routinely ignored or altered. Nonetheless, durability and enforcement may be expected for institutions allocating patronage control.

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<sup>79</sup> The indicator aggregates a range of measures capturing perceptions of both confidence in and compliance with the rules of society. Lower percentile ranks denote weaker rule of law.

**Table 5.1 Institutions Shifting Patronage Control Away from Presidency (Paraguay)**

	Institutions Shifting Patronage Control to Other Government Branches	Institutions Shifting Private Goods Benefits to Public Employees
<b>Determination of patronage budget</b>	<ul style="list-style-type: none"> <li>▪ Legislature creates positions and determines ceilings for personnel expenditures</li> </ul>	
<b>Recruitment</b>	<ul style="list-style-type: none"> <li>▪ Legislature appoints or approves, among others, Supreme Court Justices, the Attorney General, the Controller General, the TJSE, the Central Bank directorate, ambassadors and high-level army and police officials</li> </ul>	
<b>Remuneration</b>	<ul style="list-style-type: none"> <li>▪ Legislature may determine salaries, up to detail of individual public employees</li> <li>▪ Legislature may grant collective salary increases</li> </ul>	<ul style="list-style-type: none"> <li>▪ Strong union pressure to grant collective salary increases</li> </ul>
<b>Promotion</b>	<ul style="list-style-type: none"> <li>▪ Legislators may promote public employees <i>de facto</i> through salary re-categorizations</li> </ul>	
<b>Dismissal</b>		<ul style="list-style-type: none"> <li>▪ 87% of executive personnel enjoy strong <i>de jure</i> and <i>de facto</i> tenure protections</li> </ul>

Source: author's own elaboration

Durability resulted from the coincidence of vested interests and veto power: those benefiting from institutions allocating patronage control could veto their undoing. Legislative (super-)majorities were required to deprive legislators of their patronage powers in law and constitution. Consistent with the theory's scope condition, Lugo lacked such majorities. Moreover, both legislative and union acquiescence were, in practice, required to deprive public employees of the generalized benefits of tenure and collective pay rises. Beyond strikes, unions were able to threaten paralysis in key public services, for instance via electricity blackouts; next to paralysis in key procedures, for instance in courts. In addition, unions could incriminate political authorities through control of sensitive information, for instance about corruption (Interview, Education Director; Interview, Finance Advisor). As a result, Lugo was unable to undo the institutions which deprived him of patronage control.

Lugo was also unable to avoid their enforcement. The aforementioned union pressure assured not only the durability but also the enforcement of institutions shifting benefits towards public employees. Legislators in turn had a vested interest in applying legislation granting them patronage powers, for instance by submitting a personnel annex with each budget or by disproportionately increasing personnel budgets of institutions outside executive control. As legislative appointment powers also extended to budget control institutions – including the Comptroller General – and the judiciary at-large, Lugo faced oversight and judiciary institutions bent on enforcing the institutions depriving him of patronage control.

In sum, despite a context of generally weak institutions, institutions allocating patronage control were ‘sticky’ and deprived Lugo of patronage control relative to his competitors. This limited incumbent patronage control incentivized professionalization through all of the three theorized causal mechanisms.

#### *Causal mechanism I: Professionalization due to Inability to Compete Electorally Based on Patronage<sup>80</sup>*

Lugo’s limited patronage control implicated, first and foremost, an inability to compete electorally based on patronage. Electoral challengers – in particular the ANR and, to a lesser extent, the PLRA – could outspend Lugo on patronage. As I shall argue, Lugo’s inability to compete based on patronage incentivized him to advance professionalization to seek public goods-based electoral competition.<sup>81</sup>

As aforementioned, Lugo’s patronage control was limited in an electoral context in which patronage was central to vote mobilization. The mere jobs-for-votes exchange secured a substantial electoral base: public officials and their families represented over 20 per cent of the electorate (Casals & Associates, 2004). Moreover, public employment permitted the recruitment of political party operators (*punteros*).

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<sup>80</sup> For presentational reasons, I inverse the order in which the causal mechanisms are presented in the case comparison relative to their order in theory development in chapter 3.

<sup>81</sup> To further substantiate this conclusion, chapter 6 will, as noted, rule out a range of rival explanations – including, for instance, Lugo’s personal convictions – for Paraguay’s incremental professionalization.

Frequently non-attending public employees, *punteros* were key for clientelist vote mobilization. They provided pre-electoral, door-to-door social assistance in neighbourhoods, helping with late payments of bills, providing pharmaceuticals to the sick or facilitating interactions with public entities, to name a few – always with the expectation of a *quid pro quo* vote in elections (Morínigo, 2008). On voting day, *punteros* shuttled voters to polls. To illustrate, in 2008, ANR and PLRA *punteros* transported between one-fourth and one-third of the electorate (USAID, 2009). Moreover, *punteros* facilitate vote buying, with 27 percent of the electorate having sold their vote according to survey data (cited in Morínigo, 2008). Unsurprisingly, the use of *punteros* is prevalent. As a proxy indicator, surveys suggest that 15 percent of voters have done campaign work – the third highest share in Latin America (Morgan & Espinal, 2010). Even when patronage is extended to positions requiring attendance, electoral support is expected. To illustrate, those who receive jobs through the ANR are expected to kick back 10 per cent of their pay (Casals & Associates, 2004).

Patronage is also dominant in budget expenditures and among clientelist exchanges at-large. Personnel expenditures claimed over 75 percent of tax revenues in 2011 – the highest proportion in Latin America (IMF, 2012). The dominance of spending on public personnel to mobilize electoral support as a *raison d'être* in itself – rather than to, for instance, facilitate public or clientelist service delivery – is reflected in stagnation in spending on non-labour inputs (Lafuente, forthcoming). As a result, as one department director (Interview) put it, “they sent me whatever quantity of public servants and I had them crammed and did not know where to put them, nor did they have anything to do.”

In other words, patronage was the central currency of clientelist exchange in a context where such exchanges were central to electoral mobilization. Within this context, Lugo was deprived of control over most patronage. Lugo and his allies then faced, according to his first Minister of Civil Service, “the question ... how do we compete with the Colorado Party if we do not have what they have which is political operators through public employment.” (Interview, SFP Minister)

Seeking electoral support through public goods provision via bureaucratic professionalization was perceived as an avenue out of this problem. This was recognized early on by Lugo. In his inaugural speech, he noted that “[party] affiliations to obtain a job in public service have ended.” (cited in Ultima Hora, 2008a) Accordingly, Lugo enabled space in his cabinet for bureaucratic professionalization and public goods provision. In line with this logic, Lugo’s cabinet was, despite the aforementioned governability concessions, the most technical since the democratic transition. Key posts – including the Ministers of Health, Education and Finance – were occupied by non-partisan technocrats or reformist politicians with strong technical credentials. With few exceptions, Lugo shielded these Ministers from patronage demands. As a Minister of Health (Interview), for instance, noted: “the President never called me to give [public] positions to anybody ... he always respected my [merit-based] personnel choices ... when we had a conflict with people ... who wanted me to appoint another ... director and I opposed it ... and there was a demonstration of 5,000 people and road blocks ... the President stood by my side and we overcame the conflict.”

The locus of professionalization reflects this attempt to shift towards public goods-based electoral competition. The SFP received an instruction from the Presidency and ministerial authorities to accompany and supervise competitive examinations in Presidential flagship programs. With a social policy focus, these included the primary health attention program in the Ministry of Health, the family agriculture program in the Ministry of Agriculture, child and adolescent support in the Ministry of Children and, in the latter part of Lugo’s mandate, the conditional cash transfer program in the Ministry of Social Action (Interview, SFP Director). As noted, competitive examinations were also strengthened in the selection of teachers, yet not administrative personnel in the Ministry of Education. These programs and institutions shared a high visibility of results – and, thus, enhanced electoral benefits of public goods. Health and education were the most frequently used public services in the country (Congreso de la Nación Paraguaya & UNDP, 2009); much of the personnel selected through competitive examinations – as for the primary health attention, family

agriculture and children and youth programs, for instance – was field-based and thus in direct contact with the electorate (Interview, SFP Analyst); public goods provision through presidential flagship programs implied that the electorate could clearly identify the services received with the Lugo administration; many of these programs focused on the poor, one of Lugo’s core constituencies: surveys evidence a disproportionate appreciation for improved public health services under the Lugo administration by poorer strata (Interview, NGO Analyst); and media exposure enhanced the electoral utility of transparent personnel selections in Presidential flagship programs (Interview, Agriculture Vice-Minister). The focus of competitive examinations in the bureaucratic hierarchy is, similarly, consistent with the objective to compete electorally based on public goods: examinations narrowed in on technical-level positions (81 percent of advertised positions).

This hierarchical focus suggests, at the same time, that the private goods losses of most competitive examinations were limited. Only 13 percent of examinations were at service levels with relatively higher wage premiums (Otter, 2005). Moreover, as illustrated by the limited number of unique admitted applicants for each position – roughly three – positions frequently required educational qualifications in short supply. As a Director in the Institute for Social Provision (Interview) recounts from efforts to fill such positions through patronage, “without competitive examinations ... we needed to create the intensive therapy unit [with] 92 people ... A party official came and ... smashed his hand on the table: ‘I gave you a list and none of them entered.’ ... [I responded:] ‘None of them is specialized in intensive therapy.’” Lastly, the positions for which competitive examinations were introduced or strengthened – doctors, nurses, teachers, agronomists, social workers and other “street-level bureaucrats” (Lipsky, 2010) – tended to involve few opportunities for corruption. Their professionalization thus implicated few losses of private goods beyond patronage derived from these positions.

Consistent with the theoretical predictions of the causal mechanism, professionalization thus advanced foremost where public goods results were most visible; and patronage losses reduced – or, to put it more generally, where the electoral utility

of public goods increases exceeded the electoral cost of forsaking patronage in the context of an inability to compete based on patronage alone.<sup>82</sup>

*Causal mechanism II: Professionalization to Elicit Public Service Provision and Cooperation from Tenured Appointees of Prior Incumbents*

In addition to shifting towards public goods-based electoral competition due to an inability to compete based on patronage, Lugo faced incentives to professionalize to elicit public goods provision and cooperation from tenured public servants recruited by prior Colorado administrations. As noted, the majority of public servants under the Lugo administration were Colorado appointees. In institutions with limited staff growth, this precluded the running of institutions by (small) reform teams only. The electoral utility of seeking cooperation from tenured public servants through professional personnel management – including meritocratic promotions – then outweighed the utility of patronage. As a Director in the Institute for Social Provision (Interview) put it: “we could not generate clientele. We needed to seek loyalty from the existing staff ... I could not bring only people from my party ... because fundamentally I depended on [tenured] staff so that the product would be good ... I needed them to be productive so that I could be of value.”

In other words, with small reform teams unable to run entire Ministries, eliciting cooperation from inherited bureaucrats was critical for institutional performance. Such cooperation also brought the collateral benefit of potentially severing staff loyalty – and thus electoral support – to the Colorado Party. At the same time, not seeking such cooperation could thwart any public goods provision. To illustrate, the head of the Institute for Rural Welfare under Lugo declared all Colorado appointees in his institution to be corrupt. They responded by ceasing cooperation and the entire bureaucracy came to a halt (Hetherington, 2011).

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<sup>82</sup> Note that this argument also applies to Lugo’s continuation of the professionalization trajectory in the Ministry of Finance and the Central Bank (see chapter 4). In both institutions, the concurrence of limited patronage opportunities and heavy public goods costs of bureaucratic performance failures contributed to a tacit agreement among parties to refrain from excessive impositions of non-qualified appointees in key positions (Interview NGO Analyst; Interview Finance Director).

The resulting importance of professionalization to elicit cooperation and public goods from tenured appointees – and sever their loyalty to the ANR – is reflected in the large share of competitive examinations focused on candidates from within the public sector only (52 percent). This share is large not least when considering that such examinations granted promotion opportunities to, principally, ANR appointees – and were thus resisted by, in particular, the PLRA leadership (Interview, Health Director). Meritocratic promotion opportunities were complemented by a broader policy to seek cooperation from public employees recruited by previous Colorado administrations. To illustrate, the SFP established, in its first months in office, a department for union relations, a dialogue roundtable with unions representing 85 percent of unionized public servants and a forum about human rights and quality public services with over 500 union representatives (SFP, 2009). Unable to substitute tenured Colorado appointees and in need of their cooperation for public goods provision, the Lugo administration thus extended them a “qualified vote of confidence,” including via meritocratic promotion opportunities (Interview, Health Director).

#### *Causal mechanism III: Professionalization to Deprive Challengers of Patronage Control*

Lastly, Lugo’s limited patronage control incentivized professionalization where he was unable to control patronage, yet able to professionalize. This constellation was, first, prevalent in the case of de-concentrated staff in the Ministries of Education and Health. Due to tenure protections, the Lugo administration was unable to replace most – and thus control – de-concentrated personnel in charge of local recruitment. As a Director in the Ministry of Education (Interview) explains: “a decentralization process took place in 2003 ... [in 2008] we found many irregularities at the local level... school directors had their candidate, unions had their candidate, parents had their candidate ... there are schools everywhere, so control was impossible ... therefore we established [competitive selections] at the ... national level.” This reform rationale was echoed in health. As a Vice-Minister of Health (Interview) puts it, “the political decision to

undertake competitive personnel procedures ... was a central-level instruction ... many of the regional directors were ... Liberals as it was a coalition party... and many continued to be Colorados. So at the local level there were small fiefdoms.”

The Lugo administration also sought to substitute legislative patronage over pay rises and promotions with professionalization. As noted, the budget’s personnel annex provides the legislature with powers to create and re-categorize public sector positions. Legislators, however, depend on the executive to assign these re-categorizations to the legislators’ beneficiary of choice. As a Minister of Planning under Lugo (Interview) outlines, “normally what the [head of institution] does is take this for a fact. [Employees] came to me and told me: ‘I obtained this salary category, this Senator got it for me’ ... I told him: ‘I cannot give it to you as your salary would exceed that of your boss. There has to be ... internal coherence. So ... what I did is to publicly adjust the entire structure to the new category ... [through a ladder of promotions for public servants based on] performance evaluations.” This reflected a more general SFP policy. A SFP Minister recounts: “what we did was to send a note to each institution, telling them that they had the competency to define the budget line. And if [legislators] had re-categorized a line, [authorities] did not have to assign it to the person ... recommended [by legislators]. They could assign the recommended person the original amount in the budget bill, and organize a competitive examination for the higher amount.” (cited in Iturburu, 2013, p. 27)

Legislators responded by sending notes to institutions to inform them that budget lines were not generic, but assigned to specific individuals. The SFP in turn responded by filing, with the Attorney General, influence trafficking accusations against legislators, including the President of the Chamber of Deputies. These were complemented by SFP filings of accusations with the Office of the General Prosecutor against patronage-based personnel selections in state institutions, whenever public employees or other sources informed it accordingly. Under the sway of electoral challengers in the legislature, however, neither the General Prosecutor nor the Attorney General took action. These accusations did, however, place patronage in the media

spotlight, with news outlets beginning to report about patronage (see, among many, ABC Color, 2011b). This put some professionalization pressure on non-complying institutions (Interview, SFP Minister).

The locus of professionalization, however, suggests that the attempt to professionalize to deprive challengers in the legislature of patronage control had only limited success: competitive examinations outside the executive branch and outside executive institutions controlled by Lugo's allies were minimal in number.

*Conclusion: Paraguay's Patronage-Deprived Presidency and Bureaucratic Professionalization*

In conclusion, institutional constraints on Presidential patronage control in conjunction with weak legislative support deprived Lugo of patronage control. Limited patronage control incentivized Lugo to professionalize via all three theorized causal mechanisms. Lugo advanced professionalization to, first, compete electorally based on public goods in the context of an inability to compete based on patronage alone; second, elicit cooperation from tenured bureaucrats where such cooperation was crucial for public goods provision; and, third, deprive electoral challengers of their patronage control. While the complementarity and mutual reinforcement<sup>83</sup> of the three causal mechanisms complicate the disentanglement of their respective causal weights, the locus of professionalization suggests that the first two causal mechanisms carry the principal explanatory burden. As noted, professionalization focused principally on meritocratic recruitment in presidential flagship programs in institutions controlled by Lugo's allies and meritocratic promotions for tenured staff. Professionalization to deprive challengers controlling other institutions of their patronage powers was sought by Lugo, but progressed only to a very limited extent.

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<sup>83</sup> To cite one example of this complementarity: professionalization to elicit cooperation from tenured appointees of predecessors – the second mechanism – also serves to enhance the incumbent's ability to compete based on public goods in the context of an inability to compete based on patronage alone – the first mechanism.

As shall be argued next, monopolization of patronage control in the DR's Presidency led to an opposite set of incentives for Fernández: to resist rather than advance professionalization.

### **The Victor Takes All: Presidential Patronage Control and Reform Resistance in the Dominican Republic**

The DR's civil service reform episode under study from 2004 to 2012 coincided with Fernández' second and third term in office. Both Fernández' initial election to the Presidency in 1996 and his second-term election in 2004 were, as in the case of Lugo, outcomes exogenous to the patronage control theory. At the time of his first election, Fernández' *Partido de la Liberación Dominicana* (PLD) was the country's third political force and had never won the Presidency. In the 1994 Presidential elections, it had obtained only 13 percent of the vote (Duarte & Espinal, 2008). Fernández himself "had been a virtual unknown until the election." (Sagas, 2001, p. 496) Backlash to electoral fraud in 1994 forced long-time incumbent Balaguer of the *Partido Reformista Social Cristiano* (PRSC) – who had ruled for 22 of the preceding 30 years – to concede to constitutional reforms. These called for Presidential elections in 1996 and prohibited immediate incumbent re-election. Unable to stand and seeking to retain PRSC leadership, Balaguer did not provide more than scarce access to state resources to support the PRSC's presidential candidate; instead, he informally backed Fernández. As a result, the PRSC only came in third in the first round (Hartlyn, 1998). To forestall victory of the PRSC's main competitor in 1996 – the *Partido Revolucionario Dominicano* (PRD) – the PRSC forged a 'National Patriotic Front' with the PLD in the run-off elections (Espinal, 2008). As a result and similar to the Paraguayan case, support from one of the two main parties in control of patronage enabled Fernández to rise to the Presidency.

As in Paraguay, however, the principal factor enabling Fernández' rise to power – PRSC support – was unlikely to recur to secure PLD re-election. In fact, in the 2000 Presidential elections, the PRSC was unwilling to support the PLD (Sagas,

2001). To secure PLD re-election, Fernández thus depended on the mobilization of an electoral support base of his own. Until 2000, however, the electoral support maximization assumption underlying the patronage control theory did not hold for the PLD. The PLD was a cadre party of pseudo-marxist origin with restricted membership which was, in particular, conditioned on the completion of a study program (Hartlyn, 1998). Even after Fernández' first full term in government, PLD membership thus did not come to exceed 33,000. As a corollary, the popular perception of the PLD was that it “did not share the spoils of power” with citizens (Sagas, 2001, p. 500). This contributed to defeat in the 2000 Presidential elections, with the PLD securing less than a quarter of votes.

In response, the PLD transited towards a mass-based party, with unconditional party membership. In part as a result of this decision, the number of affiliates rose to 2.7m after the completion of two further terms by Fernández in 2013 (Listin Diario, 2013). Concurrently, the PLD’s ideological differentiation from other parties – as measured by parliamentarians’ self-identification – virtually vanished (Benito Sanchez, 2013). For the purpose of testing the patronage control theory – which assumes electoral utility maximization – the examination of Fernández’ second and third Presidency is thus more insightful. During these terms, the PLD sought to maximize party affiliates and electoral support irrespective of ideological constraints.

Fernández’ 2004 re-election resulted, as in 1996, from an unexpected concatenation of factors exogenous to the patronage control theory. The country’s three historic contenders for the Presidency and long-time PRSC, PRD and PLD leaders – Balaguer, Peña Gómez and Bosch – died between 1998 and 2002 (Benito Sanchez & Lozano, 2012). The party in power – the PRD – suffered a major rift as President Mejía sought re-election despite a long-standing PRD tradition of opposing Presidential re-election (Sagas, 2005). And, most important, a massive banking crisis – which cost roughly 60 to 80 percent of the national budget and accelerated inflation to 42 percent in 2004 – discredited the electoral campaign of Mejía and strongly constrained his patronage budget in the election year (CEPAL, 2009; Singer, 2012).

Both in 1996 and 2004, Fernández’ Presidential elections were thus exogenous to the patronage control theory. As in the Paraguayan case, they also met an important theoretical scope condition: political fragmentation. Fernández’ PLD held only 3 percent of Senate seats (1996 and 2004), and 11 percent (1996) and 28 percent (2004) of Chamber of Deputies seats. Moreover, the PLD only controlled 6 percent of the country’s municipalities in 2004 (Benito Sanchez, 2010c). Institutions shifting patronage control away from the Presidency would thus deprive Fernández of patronage control. As in the Paraguayan case, Fernández also harboured clear re-election ambitions for himself and his party. Fernández himself was re-elected in 2008, while PLD candidate Medina won the 2012 Presidential elections.

As shall be argued, the mix of public and private goods Fernández relied on to mobilize votes in these elections was decisively shaped by the concentration of patronage control in the Presidency – in a context in which patronage is central to electoral mobilization.

#### *Institutions and the Presidential Patronage Monopoly in the Dominican Republic*

Concentration of patronage control in the Presidency extended to the creation of positions, recruitment, pay, promotion, dismissals and the patronage budget determination.

As in the case of Lugo, Fernández was elected to office with support from coalition parties which expected, in return for their support, control of public sector institutions. In 2004, Fernandez’ presidential bid was supported by 6 “satellite” parties: minority parties allying alternately with distinct majority parties to access state resources and jointly accounting for 8 percent of the vote (Espinal, 2010a). In 2008, the number and vote share of satellite parties rose to 11 and 9 percent respectively (Benito Sanchez, 2013). Power sharing appointments with these parties extended to more than 10 institutions, including smaller ministries such as Foreign Relations, Labour and Youth. Moreover and as in the case of Lugo, the construction of legislative majorities required further patronage concessions to electoral challengers. Yet, the majority of

recruitment in the executive remained under PLD control, with one estimate putting the share of cabinet members which are also members of the PLD central committee at 65 percent (Interview, MAP Director).

Institutions empowered Fernández to control recruitment inside the executive and, to some extent, in other government branches. In the executive branch, the country's 1966 Constitution – imposed under the authoritarian Balaguer government – concentrated recruitment power in the Presidency. Presidential authorization was required for the appointment of every single permanent public servant in the executive, from ministers to bottom-level service personnel.<sup>84</sup> Contrary to the Paraguayan case, the President rather than Congress was thus also in control of high-level recruitment in the diplomatic corps, the police and the armed forces (Duarte & Espinal, 2008). While, for middle and bottom level appointments, Presidential control was a routine seal to authorize ministerial appointment requests, Fernández utilized his recruitment control at higher levels to not only assure the appointment of loyalists, but also fragment ministerial power and thus complicate the emergence of intra-party challengers. Between 2004 and 2008, he appointed 56 ministers and 320 vice-ministers, next to a much larger number of departmental directors (Benito Sanchez, 2010a). As a result, “there are many islands within a Ministry, so the Minister does not necessarily have total control.” (Interview, Economy Director)

Outside the executive, Fernández' legislative minority position when coming to power largely forestalled – as in the case of Lugo – control over recruitment of legislative staff. At the same time and in contrast to Lugo, Fernández was constitutionally empowered to appoint to a range of non-executive positions. These included the General Controller, the Attorney General and the Attorney's prosecutors (World Bank, 2004). Moreover, the President suggests the shortlist from which Senate must select the Head of the Audit Chamber and presides over the National Judicial

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<sup>84</sup> A 2010 constitutional reform sponsored by Fernández de-concentrated recruitment of bottom and medium-level personnel to line institutions (see Benito Sanchez, 2010b). As Presidents still appointed those in control of de-concentrated recruitment, however, the 2010 Constitution did not substantially curtail Presidential powers in practice (see Marsteintredet, 2012).

Council in charge of selecting Supreme Court judges (Marsteintredet, 2010b). At the decentralized level, the President was empowered to appoint all 31 provincial governors (United Nations, 2005). In municipalities – which accounted for 10 percent of public employment when Fernández came to power (Artana et al., 2006) – the Constitution conferred Fernández the right to select council members in certain circumstances (Duarte & Espinal, 2008). Lastly and again contrary to the Paraguayan case, recruitment in schools and hospitals was not de-concentrated. Instead, appointment of medical and teaching staff was centralized and subject to Presidential authorization (World Bank, 2014a).

In short, with the assumption of the Presidency in 2004, Fernández was constitutionally empowered to control most public sector recruitment. These powers were complemented by Presidential control of the determination of patronage budgets. The DR is one of the few countries in Latin America in which Congress requires a two-thirds majority to alter budget bills introduced by the executive. At the same time, the President was, when Fernández took office, empowered to spend 75 percent of unbudgeted revenues at will. As a result, legislative failure to approve budgets enhanced, contrary to most other countries, Presidential discretion. While the previous year's budget took effect, any increase in government revenues could be spent discretionarily by the executive (Keefer, 2002). Fernández thus retained the power to set the patronage budget even when seeing legislative rejection of his budget.<sup>85</sup> Moreover, he monopolized control over patronage budgets within the executive. When Fernández took office, the Presidency – rather than the Ministry of Finance – was in charge of budget preparation and, moreover, undertook an important share of expenditures – 12.9 percent in 2003 – itself (World Bank, 2004).

Similarly, Fernández was vested with authority to create new public sector positions at will. In sharp contrast to Paraguay's budget bills – which enabled

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<sup>85</sup> Several additional Presidential prerogatives further augmented Fernández' discretion. To illustrate, fiscal revenues may be underestimated and the cost of activities overestimated to ensure budget surpluses which incumbents may spend discretionarily. Moreover, Presidents may keep spending off-budget. During Fernández' second Presidency, off-budget spending amounted to roughly 5 percent of central government spending, for instance (ADE, 2012).

legislators to determine salaries and promotions of up to individual public servants – budget bills in the DR prescribed, in practice, only ceilings for personnel expenditures. Organizational charts and position structures in the budget as well as a position classification system were absent.<sup>86</sup> As a Vice-Minister of Finance (Interview) puts it elegantly, “Congress has, in its preoccupations, not yet descended to a level of disaggregation beyond the spending per chapter [i.e. institution].” Fernández and his ministers were thus empowered to create and eliminate positions at will, so long as the overall ceilings on personnel expenditures and expenditures per institution were not breached. Executive discretion is reflected in the proliferation of positions. By the end of Fernández’ third term, 4,620 uniquely-denominated posts were registered (Telson, 2012).

Likewise, Fernández was empowered to set salaries and pay rises via Presidential decrees. While, historically, the Presidency had approved salary scales for each institution as per the 1968 budget law, this practice had fallen into disuse (Interview, MAP Advisor). Unconstrained *de jure*, salary setting of administrative personnel instead tended to be guided by the salary requests that came attached with party or personal recommendations.<sup>87</sup> Discretion in salary setting is reflected in one of Latin America’s highest public sector wage premiums (68 percent) (Marconi, Carrillo, & Cavalieri, 2003); strong horizontal inequities, with remunerations for the same position varying by a factor of 3.5 across personnel (Participación Ciudadana, 2012); the breaking of the salary hierarchy, with salaries of employees in the fourth level of the hierarchy at times exceeding those in the top level (Marconi et al., 2003); and excessive compensation at the very top, with salary decompression ratios over 60 – by far the highest in Latin America and in a global sample of 34 countries (Schrank, 2010;

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<sup>86</sup> While the country’s Organic Budget Law requires the inclusion of organizational charts with the structure and number of positions, annual budget bills during the Fernández Presidency simply waived this requirement.

<sup>87</sup> Despite a constitutional prohibition, presidential discretion in pay setting was further enhanced in practice by recruitment into multiple jobs. As a former Controller General of the Republic (Interview) explains, “another mountain I was confronted with was the duplication, triplication, quadruplication, quintuplication of personnel ‘working’ in two, three, four, five institutions [at the same time].”

World Bank, 2014b). Discretion in salaries was complemented by discretion over pension payments and salary complements. The latter ranged from credit cards to car fleets of up to 11 vehicles for institutional authorities (Interview, NGO Analyst; Interview, Journalist).

Presidential discretion in salary setting was complemented by discretion in promotions. Per the 1991 and 2008 public service laws, promotions were to be limited to career employees and conditioned on successful examinations or performance evaluations. Yet, most employees were not incorporated into career positions and, even for those who were, career paths remained undefined (see chapter 7). Promotions thus equalled instead – and as in Paraguay – pay rises accompanied by increases in *de facto* responsibilities (IDB, 2006). Contrary to the Paraguayan case, however, the President controlled the discretionary power to determine such promotions.<sup>88</sup>

In sum, institutions shifting patronage control to electoral challengers were virtually absent in the DR. The same held largely for institutions shifting private goods benefits to public employees. First, constraints on dismissals were – with the exception of select professional groups – absent. *De jure*, Fernández was, when coming to power, constitutionally empowered to dismiss any public servant at will. This constitutional power also extended to permanent contracts – which covered roughly 90 percent of all public employees at the end of Fernández’ third term – and the small share of permanent employees incorporated into the administrative career (MAP, 2013e). As a result, government changes brought mass public employee turnover, locally known as ‘steamrolling’ (*aplanadora*). To illustrate, in 2008, 60 percent of surveyed public servants had been in the public sector for four years or less – that is since Fernández’ 2004 election (cited in Iacoviello, 2009). Even of the few career employees,

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<sup>88</sup> A partial exception to this generalization are teachers, medical personnel, policemen and army officials. Policemen and army officials count on career paths with defined salary scales. Promotions are formally based on seniority, formal qualification requirements and examinations, among others. In practice, however, discretionary considerations frequently override formal requirements in promotions (see, for instance, Cuevas Castillo, 2010). Teachers and medical personnel in turn count on defined base salaries and complements for, for instance, seniority, geographic area and university education. Yet, compliance with salary complements is partial, with their award frequently subject to political discretion (Interview Education Director; Interview NGO Analyst).

over 3,000 were cancelled in 2004 and 2005 alone (Oviedo, 2005). As a high-level technical advisor (Interview) explains, “when the PRD government won in 2000, it searched for who entered between 1996 and 2000, and dismissed them summarily ... and afterwards when the PLD won in 2004 ... it did the same. So you can see how absurd this is ... I worked as an advisor in ... 2003 ... but later resigned knowing that there would be a change of government months afterwards and that in this change of government they would dismiss high-level people ... so I returned to the private sector ... [After the change of government] they came and searched for me and I returned ... but, at the same time, all those that had entered between 2000 and 2004, were dismissed, and if I had not left, I would have been dismissed as well.” Such dismissals were not only constitutionally but also fiscally feasible: employees lost their pension rights with dismissals and the legally-mandated redundancy compensation was frequently not complied with.

Next to the absence of *de jure* tenure protections, administrative personnel lacked *de facto* union protection. The 1991 law permitted the creation of associations of public servants in the administrative realm, yet did not include safeguards which impeded discretionary dismissals of association leaders. Collective action by bureaucrats was thus not forthcoming. Instead, as a donor official (Interview) put it, “the party is the union of bureaucrats.”

The sole exception to this generalization are professional groups outside the administrative realm.<sup>89</sup> Teachers – which, at the end of Fernández’ third term, accounted for roughly 77,000 of 480,000 public servants (Contraloría General de la República, 2013; Ministerio de Educación, 2014b) – were automatically affiliated with the Dominican Association of Professors (ADP). With the ADP reacting almost categorically to dismissals with strikes, teacher redundancies were *de facto* precluded, except in cases of grave misconduct (Interview, NGO Analyst). Thanks to unionization, doctors and, to a lesser extent, other medical personnel – which jointly amounted to

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<sup>89</sup> Next to teachers and medical personnel, several smaller professional groups – such as the, as of 2004, 561 judges – enjoyed strong tenure protections (Consejo del Poder Judicial, 2013).

roughly 32,000 employees (Ministerio de Salud Pública, 2014) – similarly enjoyed strong *de facto* tenure protection (Observatorio de la Salud para América Latina, 2012).<sup>90</sup>

As a corollary, pressures for collective pay rises were limited to health and education. During the Fernández Presidencies, the PLD was apt at defusing these pressures by capturing union leadership positions. As a legislator (Interview) put it, “union struggles here are party struggles.” Consequently, “in the electoral process of the union, the Ministry ... puts all of its employees to work ... so that the union leadership is won by one of the party.” (Interview, Union Leader) To illustrate, two Presidents of the teacher union during Fernández’ second and third term were also PLD Congressmen. In control of union leadership, Fernández was able to demobilize demands during his Presidencies. By the end his third term, teacher salaries, for instance, stood in real terms below their levels a decade earlier (Ministerio de Educación, 2014b).

In sum, contrary to Lugo, Fernández faced few institutions depriving him of patronage powers. Fernández concentrated control over most recruitment, pay and promotion decisions within a patronage budget he could freely determine (within an overall budget constraint), and which was largely unconstrained by union pressures for collective pay rises. Moreover, the absence of tenure protections outside select professional groups – which accounted for less than a quarter of public employees – implicated that Fernández was able to dismiss and substitute most public servants appointed by prior incumbents. Despite minority legislative support, Fernández thus largely monopolized patronage control (table 5.2).

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<sup>90</sup> Fernández could, however, still resort to sanctions short of dismissals, including unfavorable transfers, early pensions, late wage payments and, as in Paraguay, “freezing.” (Interview Education Director; Interview Academic)

**Table 5.2 Institutions Shifting Patronage Control Away from Presidency  
(Dominican Republic)**

	Institutions Shifting Patronage Control to Other Government Branches	Institutions Shifting Private Goods Benefits to Public Employees
<b>Determination of patronage budget</b>	<ul style="list-style-type: none"> <li>▪ Legislature requires 2/3 majority to alter budget bills</li> <li>▪ Budget bills contain only expenditure ceilings</li> </ul>	
<b>Recruitment</b>	<ul style="list-style-type: none"> <li>▪ Legislative recruitment power largely limited to legislative staff</li> <li>▪ Municipalities employ only roughly 10% of public personnel</li> </ul>	
<b>Remuneration</b>		<ul style="list-style-type: none"> <li>▪ Occasional collective action by largely co-opted unions</li> </ul>
<b>Promotion</b>		<ul style="list-style-type: none"> <li>▪ Partially enforced careers for army officials and policemen</li> </ul>
<b>Dismissal</b>		<ul style="list-style-type: none"> <li>▪ <i>De facto</i> tenure protections for teachers and medical staff (23% of all public employees)</li> </ul>

Source: author's own elaboration

Note that, as in the Paraguayan case, the institutions allocating patronage control were 'sticky' – that is durable and enforced. At first sight, this may appear paradoxical. If the opposition controlled the legislature in 2004, why did it not simply vote to strip the President of his patronage powers?

As in Paraguay, durability of institutions resulted from the coincidence of vested interests and veto power: those benefiting from institutions allocating patronage control could veto their undoing. Not only were many Presidential patronage prerogatives constitutionally protected; the President was, furthermore, legally empowered to stall legislation. As in several other Latin American countries, the Constitution conferred the President the power to observe laws; two-thirds legislative majorities were required to override these observations. More exceptionally, however, the Constitution failed to empower Congress or the Supreme Court to act if the President did not promulgate laws. As a result, Fernández could "shelve" new laws, including those targeted at curtailing his patronage powers (Duarte & Espinal, 2008, p. 874).

In addition, Fernández controlled the enforcement of institutions allocating patronage powers to the Presidency. Presidential patronage powers extended to the budget control system, including, as aforementioned, the General Controller (in charge of internal control), the Audit Chamber (in charge of external control) and the Attorney General (in charge of judicial control). As a result, Presidents in the DR had historically been able to ignore budget provisions in execution. To illustrate, the Office of the Presidency spent on average almost three times the approved budget amount in 1967-2009 (Marsteintredet, 2010b).

Moreover, with most legislators depending for re-election on patronage access controlled by the President, buying off legislative support to avoid opposition majorities is “straightforward” in the DR (Keefer, 2002, p. 9).<sup>91</sup> As a legislator (Interview) puts it, “on a daily basis, the relationship of legislators with the executive is frequently not to raise matters of public policy or supervision, but rather to position personnel.” In view of legislative subordination to the President’s “pharaonic” powers (Duarte & Espinal, 2008, p. 872), one MAP advisor (Interview) then concludes that “in practice, countries [like the DR] could perfectly live without Congress.”

This monopoly control over patronage incentivized the DR’s President to resist – rather than support as in Paraguay – bureaucratic professionalization.

#### *Causal Mechanism I Upside Down: Reform Resistance due to an Ability to Compete Electorally based on Monopolized Patronage Control*

While the DR differed from Paraguay in Presidential patronage control, it resembled Paraguay in that patronage was central to clientelism – and clientelism central to successful electoral mobilization.

Clientelism has been “the dominant linkage strategy since the authoritarian period.” (Singer, 2012, p. 65) As a legislator of a PLD coalition party (Interview) admits, “here elections are not won with programmatic proposals, ... political

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<sup>91</sup> Next to patronage, Presidents may woo legislative support through, among others, geographically targeted works or outright cash bribes (Keefer, 2002).

debates, ... values or ethical principles. Elections are won by buying ... the most votes on election day ... and by mobilizing towards the polling stations.” This is reflected in cross-country comparisons. In an expert survey of 88 countries, the DR ranks as the third most clientelist country in the world – in only two countries make parties greater efforts to distribute material goods in exchange for political support (Kitschelt, 2014); and in a regional citizen survey, the DR ranks first in terms of the share of respondents reporting that they were offered a material benefit in exchange for their vote (18.4 percent) (Morgan & Espinal, 2010).

Public sector staffing reflects the centrality of patronage in these clientelist exchanges. Fernández’ successor in the Presidency, Danilo Medina, publicly noted that “if you asked me with how many employees the state could work, I would say 125,000 or 150,000. The remaining [300,000] ones are in excess.” (cited in El Caribe, 2012) That an electoral purpose looms large in their employment is manifest in non-salary-inputs. For many public employees, “there was no office space to receive them.” (Interview, Finance Advisor) Thus available for use as an electoral resource, public employment was central to clientelist exchanges in three ways: as a good to be exchanged; to distribute other clientelist resources; and to enforce clientelist contracts.

First, mere jobs-for-votes exchanges provide important electoral support from beneficiaries and their families. As the Director of the National Council for State Reform (Interview) under Fernández put it bluntly, the DR’s electoral “context has, at its centre, employment offers from the state.” Public employment accounts for 15 percent of total employment and over 35 percent of total formal employment (calculated from Contraloría General de la República, 2013; Organización Internacional del Trabajo, 2013). This represents an important fraction of the voting population. In 2004-2010, only 56-58 percent (legislative elections) and 71-73 percent (presidential elections) of voters went to the polls (Espinal, 2010b).

Beyond votes, public employees provide electoral campaign support. To support campaigns, “parties routinely ask public officials to donate a percentage of their salary back to the party” (Singer, 2012, p. 68). Moreover, public employees participate

in campaign events during working hours and distribute “among the electorate all kinds of goods, such as food, electoral appliances and construction materials” – despite a concomitant prohibition in the public service law (Meilán, 2014, p. 348). This has contributed to the participation of almost 20 percent of Dominicans in electoral campaign work – the highest share in Latin America (Morgan & Espinal, 2010). In addition, public employees help – as in the Paraguayan case – with bribes to buy votes and turnout. Non-attending public employees, locally known as *botellas*, thereby often run neighbourhood-level political machineries – the base committees – tasked with building local followings through clientelist social assistance and with monitoring *quid pro quo* electoral support from them (Gonzalez-Acosta, 2009). The Minister of the Interior and Police under Fernández, for instance, “insisted to say again and again that they had a system to determine who voted and for whom they voted.” (Interview, Journalist)

Patronage also facilitated the targeting of other clientelist goods provided through the bureaucracy (Gonzalez-Acosta, 2009). Almost 39 percent of Dominican households are beneficiaries of either public employment or social transfers (Espinal, 2013). Political targeting by politically loyal employees is manifest: PLD membership enhances the possibility of receiving clientelist offerings, and beneficiaries are twice as likely to sympathize with the PLD than with the opposition PRD (Espinal, 2013; Morgan & Espinal, 2010).

In sum, patronage was central to clientelism, and clientelism central to electoral mobilization. In this context, the Presidential patronage control monopoly greatly advantaged Fernández in electoral contests. Fernández used this control to, as noted, replace inherited personnel *en masse* with appointees of his own in 2004; increase the number of public personnel by almost 50 percent until 2012; and virtually double personnel expenditures in real terms in the same period (Banco Central de la República Dominicana, 2014; Contraloría General de la República, 2013). Prior to the 2008 election alone, personnel expenditures increased by 40 percent (Benito Sanchez, 2010a). With 13 out of 16 ministries – next to dozens of other state institutions – incorporated

into the PLD campaign command during the 2008 elections, public employees continuously mobilized for PLD campaign activities (Participación Ciudadana, 2008). In 2012, state access enabled the PLD and its allies to outspend its main challenger – the PRD and allies – by a factor of 3 to 1 in campaign expenditures in the four months prior to the election (Diario Libre, 2012). With “the state in campaign,” “any vision of equilibrium in the electoral campaign was eliminated” (Interview, Journalist; Von Ruster, 2012, p. 24).

The electoral advantage provided by incumbent patronage control is reflected in part in PLD election victories and PLD membership growth. PLD representation increased, in the Senate, from 3 percent (2002) to 69 percent (2006) and 97 percent (2010); in the Chamber of Deputies, from 28 percent (2002) to 54 percent (2006) and 57 percent (2010); and, in municipalities, from 6 percent (2002) to 44 percent (2006) and 59 percent (2010). As a consequence, the PLD increasingly monopolized control over other state institutions (Espinal, 2010b). Fernández himself was re-elected in 2008 with close to 54 percent of the vote. In parallel, PLD membership increased from 33,000 in 2000 to 2.7m in 2013, thus coming to represent close to 27 percent of the DR’s population (Listin Diario, 2013). Next to advantaging him in electoral contests with other parties, concentrated patronage control also enabled Fernández to fend off internal challengers. Current President Medina, for instance, noted after losing the 2007 PLD primaries against Fernández that “this was a competition against the state and the state defeated me” (Diario Libre, 2007).

Keenly aware of the electoral advantage monopolized patronage control provided, Fernández and his ministers forestalled reform beyond formalistic changes. At the ministerial level, the MAP Minister (Interview) notes that “I am certainly not always well-received ... sometimes they [my ministerial colleagues] tell me, ‘well, afterwards you go and search who will campaign for us.’” Concomitantly, a MAP Director (Interview) laments that “politicians are simply not interested in undertaking competitive examinations” – or, to put it in the starker words of a former MAP Vice-Minister (Interview): “many of those who opposed [reform] ... said that they had the

right to position their people [in the public sector] and nobody will prevent them from doing so.”

Ministerial reform resistance was accompanied by “incomplete Presidential support” (Interview, MAP Vice-Minister). As noted, Fernández signed off normative changes, including a new public service law and several presidential decrees in support of bureaucratic professionalization. Yet, he “did not concede” to the MAP the “power to enforce it.” (Interview, MAP Advisor) Moreover, he did not facilitate sufficient resources to the MAP to enable substantive implementation (Interview, Presidency Advisor).

A PLD Senator (Interview) close to Fernández then concludes elegantly: “who makes himself strong for this reform is the Minister [of Public Administration] – not the President.” Presidential reform resistance in turn was motivated by the electoral advantages provided by monopolized incumbent patronage control. As a legislator of a PLD coalition party (Interview) put it, “the political force which wins elections in this country considers that the state belongs to it completely, 100 percent ... That is why it is so difficult to apply the [2008 public service] law.” As a corollary, “civil society cannot have an impact [in its professionalization demands] if the President has too much control.” (Interview, Donor Official) A donor official (Interview) then concludes: “how can you implement civil service reform in an ... environment like this? I would be shaking.”

In sum, institutions concentrated patronage control in the Presidency and thus greatly advantaged Fernández over challengers in electoral contests. The first causal mechanism was thus turned upside down. With Fernández monopolizing patronage control, Fernández was fully able rather than unable to compete electorally based on patronage. To retain this electoral advantage, Fernández resisted professionalization despite, as I shall detail in chapter 6, vocal civil society demands.

*Causal Mechanisms II and III: Limited Tenure Protections, Challenger Patronage Access and, hence, Incumbent Reform Incentives*

As a corollary of Fernández' monopolized patronage control, the two additional causal mechanisms through which limited patronage control had incentivized professionalization in Paraguay were not activated, either. Contrary to Lugo, Fernández did not need to seek cooperation and public goods provision from appointees of prior incumbents. Instead he could – and did – simply replace them with appointees of his own. Similarly, Fernández did not face incentives to professionalize to deprive challengers of patronage control. Personnel management of even the, usually, most decentralized institutions – schools and hospitals – was centralized in the Dominican state, and Fernández could freely replace employees – and thus assure loyalty – at all levels. In contrast to Lugo, Fernández thus did not suffer from an inability to take control of patronage.

Consistent with theoretical expectations, the institutions monopolizing patronage control in the Presidency thereby incentivized not only Fernández but also his predecessors to resist reform. To illustrate, the Director of ONAP (Interview) – the MAP predecessor – under the 2000-2004 Mejía administration reported from his professionalization attempts that “the Presidency called me and told me ‘when you were in the party, you did not demand any requirements from comrades to work in politics and send them to the interior.’” In the context of presidential resistance to professionalization, patronage has, unsurprisingly, remained historically the rule of the game in the DR.

In conclusion, case evidence suggests that variation in institutions allocating patronage control contributed to variation in incumbent incentives to professionalize in Paraguay and the DR. To enhance the robustness of the test of the patronage control theory, one further causal process implication of the theory shall be examined: the relationship between institutions allocating patronage control and professionalization support from electoral challengers.

## **‘Outs’ vs. ‘Ins’? Challenger Patronage Control and their Reform Support and Opposition**

As noted in chapter 3, “civil service reform is always popular with the ‘outs’ and never with the ‘ins’” (quoted in Hoogenboom, 1961, p. ix). In other words, challengers support it while incumbents resist it. Where institutions deprive incumbents of patronage control, however, we should expect the opposite: presidents will seek professionalization while legislative challengers will resist it. The actions of electoral challengers in Paraguay and the DR are consistent with this theoretical expectation.

In the DR, reform resistance by the incumbent was paralleled by reform support from electoral challengers. Opposition parties had both initiated the 1991 civil service legislation and unanimously supported the approval of the 2008 public service law. As the ONAP Director during the Mejía administration (Interview) explains, “opposition parliamentarians viewed the law in a favourable light as ... if there is no public service law ... all public servants will be contracted via the clientele of the [governing] party. If there is a law that says that ... recruitment is to be based on competitive exams, then all can participate, my people and yours.” In other words, lacking patronage control, challengers supported reform to deprive the incumbent of his monopolized patronage control and enhance employment opportunities for their own affiliates.

In marked contrast, challengers in Paraguay resisted the incumbent’s professionalization attempts. The ANR and PLRA-dominated legislature stalled attempts to strengthen professionalization in law through a reform of the 2000 public service legislation (see chapter 4). A bill regulating careers for medical personnel in the public sector faced a similar fate. In addition, legislators sought to sabotage implementation. The Minister of Health – one of the key reformers – was interrogated by Congress four times, with reporting requirements exceeding those “of the last ten governments combined.” (Interview, Health Minister) Harassment was paralleled by “permanent complaints that [the Minister of Health] ignored [personnel] recommendations of legislators.” (Interview, Health Director) For lack of acceding to

such pressures, the Minister of Finance in turn received “legislative sanctions,” with ministerial projects stalling in parliament (Interview, Finance Minister). Lastly, the SFP Minister was – in retaliation for her filing of influence trafficking accusations against legislators – cited in front of Congress, with the request to report the name of each applicant selected through competitive examinations – data the Ministry was unlikely to, yet managed to gather in time (Interview, SFP Director).

In sum and consistent with theoretical expectations, challengers in Paraguay’s Congress – who benefited from important patronage powers – resisted professionalization. In contrast, challengers in the DR’s Congress – who were largely deprived of patronage control – supported it. While this finding provides further confirmatory evidence for the patronage control theory, it does not rule out that institutions allocating patronage control merely reflect, as intervening variables, deeper causes of professionalization. I briefly rule out this possibility next.

### **Reform as an Unintended Consequence of Prior Institutional Choices: The Origins of Presidential Patronage Control in Paraguay and the DR**

Historically, the institutional allocation of patronage control in Paraguay and the DR was highly comparable: patronage control was monopolized in the Presidency. As I shall briefly delineate in this section, the countries’ democratic transitions represented a critical juncture for Presidential patronage control in Paraguay, yet not the DR. In Paraguay’s democratic transition in 1989-1992, an electorally dominant Colorado Party fragmented patronage powers with a view to resolving intra-party conflict over patronage access. In the DR’s democratic transition in 1994, fierce inter-party competition in conjunction with top-down party control by the incumbent precluded similar incentives to shift patronage powers away from the Presidency.

In other words, institutions allocating patronage control were not merely intervening variables: the factors which had originated them were distinct from those incentivizing professionalization. Moreover, path dependency explanations as conceptualized by most legacy accounts of administrative reform – where current

administrative set-ups retain characteristics of previous ones (see Meyer-Sahling, 2009) – fall short. Instead, professionalization was an unintended consequence of institutional choices made roughly one-and-a-half decades prior to the reform episodes studied.

Paraguay and the DR inherited, as many other Latin American countries, Spanish colonial administrations which sought centralized authority and top-down rule (see, among others, Wiarda & Kryzanek, 1982). In the 20<sup>th</sup> century, both countries underwent periods of prolonged dictatorships in which rulers concentrated patronage control. During the DR's 31-year-long Trujillo dictatorship (1930-1961), the dictator “sought to make all political and administrative decisions in person” in the context of a state which employed 45 percent of the active labour force by the time of Trujillo's assassination (Kearney, 1986, p. 147; World Bank, 2004). The Trujillo dictatorship was, starting in 1966, succeeded by twelve years of authoritarian rule by Balaguer. Balaguer replicated Trujillo's centralized decision-making style in regards to patronage (Cuello, 2008). This is epitomized in, first, his 1966 Constitution which, as aforementioned, monopolized patronage control in the Presidency; and, second, the repression of unions, including in the public sector (Espinal, Morgan, & Hartlyn, 2010).

Similarly, in Paraguay's 35-year-long Stroessner dictatorship (1954-1989), “the judiciary and legislature were, in effect, appendages of the executive, which exercised power in a totally arbitrary manner.” (Nickson, 1997, p. 25) To illustrate, the country's 1967 Constitution enabled Stroessner to, among others, suspend all constitutional guarantees and dissolve Congress at will (Setrini, 2011). Moreover, unions were subordinate to the government and public employees prohibited from striking (Alexander & Parker, 2005). Contrary to Balaguer and Trujillo, however, Stroessner ruled through – and tightly controlled – a vertically organized Colorado Party, with obligatory membership for all army and state officials. The Colorado Party administered executive patronage through 240 local party branches (*seccionales*). In the process, it became “one of Latin America's most powerful and best organized political movements” (Sanders, 1989, p.3).

During Paraguay's democratic transition, it was this party – and its concurrent electoral dominance and factionalization – which augured fragmentation of patronage powers. Paraguay's democratic transition had originated from ANR elite divisions over the succession question of an aging Stroessner – and the corresponding question of who would control the patronage system. Stroessner was couped out of office in 1989 by his second in command, General Rodriguez, when a hardliner faction sought to side-line Rodriguez and his faction and secure the Presidential succession of Stroessner's son. After the coup, Rodriguez pointed to ANR reunification as one of the main objectives of the coup (Nolte, 2010). Instead, however, the post-Stroessner vacuum led to power struggles which divided the party into a “federation of competing factions” seeking access to patronage (Powers, 1992, p. 34). Intra-party conflict was recurrent between both central-level ANR elites and central and local party leaders (Zavala Zubizarreta, 2013). This conflict occurred during limited inter-party competition: the ANR had won overwhelming majorities in the 1989 Presidential and congressional elections. As such, ANR leaders did not need to maximize patronage control for the ANR to stay in power.

In this context, ANR “intraparty division fostered a demand by elites for institutional elements that deal with the succession problem” and resolve intra-party conflicts over access to patronage (Petrova Rizova, 2008; Zavala Zubizarreta, 2013, p. 21). These institutional elements included not only a 1990 electoral law which introduced primaries and elections of sub-national governments. An absolute majority in Paraguay's constitutional assembly also enabled the ANR to dictate a 1992 Constitution which, as aforementioned, shifted patronage control away from the Presidency towards subnational governments and, in particular, the legislature. With patronage powers fragmented, ANR factions in the legislature and subnational governments could secure access to patronage even when losing the intra-party contest for the Presidency. This fragmentation did not translate into massive immediate ANR patronage losses: the party was, at the time, dominant in most central and local level institutions.

The institutions shifting patronage control away from the Presidency thus resulted from ANR attempts to institutionally resolve intra-party conflicts over access to patronage in a context of limited inter-party competition.<sup>92</sup> Unintendedly, these institutions incentivized professionalization in 2008, when Paraguay's electoral context had shifted towards inter-party competition and the election of a President largely without parliamentary representation.

In contrast, in the DR's democratic transition, similar incentives to fragment patronage powers were lacking. Starting in 1978, the DR's democratic transition proceeded in two steps. The 1978 elections brought the first alternation in power, with the PRD securing the Presidency. Constitutional change was not forthcoming, however. In 1986, Balaguer was re-elected to the Presidency. Electoral fraud by Balaguer in 1990 and, more massively, in 1994 led to a post-electoral crisis with opposition threats of national strikes and international backlash against the incumbent. Under pressure, Balaguer conceded to a 'Pact for Democracy' and a concomitant constitutional reform (Hartlyn, 1998). The reform fortified an independent electoral commission, enhanced the autonomy of the Supreme Court, shortened Balaguer's term to two years and prohibited Presidential re-election<sup>93</sup>, among others. As such, it transitioned the country from a hybrid regime to an electoral democracy: since then, no serious electoral fraud has occurred (Marsteintredet, 2010a).

The 1994 reforms did not undo Presidential patronage powers, however (Duarte & Espinal, 2008). Balaguer – who could, to some extent, veto the 1994 reform

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<sup>92</sup> ANR intra-party competition also facilitated the unionization of ANR-affiliated public employees. Public sector unionization rapidly expanded after the democratic transition, as epitomized by successful collective bargaining for higher pay – up 60.25 percent by 1996 – and collective action against privatization (Ferreira, 1997; Nickson, 2009). ANR factions encouraged the emergence of union leaders supporting their primary campaigns against other ANR challengers and their election campaigns against other parties through votes and other campaign contributions from unionized public employees (Interview NGO Analyst). This is reflected in the emergence of both unionization and union factionalization. By 2008, seven distinct union umbrella federations across the public and private sector existed, and unions rarely recognized the leadership of the federations they were members in (Villalba, 2009). The origins of institutions shifting the private goods benefits of the patronage bureaucracy to public employees are thus, in part, also found in ANR intra-party competition.

<sup>93</sup> When Fernández was re-elected in 2004, a 2002 constitutional reform had replaced this prohibition with a single consecutive re-election rule.

(Marsteintredet, 2010a) – lacked incentives to shift patronage powers away from the Presidency. The PRSC was an electoral vehicle for Balaguer rather than a modern party with an organic structure (Lozano, 2002). As such and in contrast to the Paraguayan case, high-ranking PRSC officials – such as PRSC legislators – could not pressure Balaguer into ceding institutional control over patronage to other government branches controlled by them. Moreover, such a shift would have likely led to enhanced patronage powers of the opposition – which held a majority in the legislature. In the context of close electoral contests, fragmenting patronage powers could have thus – again in contrast to the ANR in 1989-1992 – jeopardized the re-election prospects of the PRSC as a whole.<sup>94</sup>

Incumbent incentives to maintain Presidential patronage powers during the democratic transition were thus over-determined in the DR. Incumbents tightly controlled their parties<sup>95</sup> and faced competition from opposition parties with strong representation in other government branches – and thus potential access to patronage should patronage powers shift away from the Presidency.

In sum, the institutions which deprived Lugo – yet not Fernández – of patronage control originated from factors distinct of those incentivizing bureaucratic professionalization. Intra-party divisions in the Colorado Party persisted until Lugo, yet did not incentivize professionalization. Instead, Lugo’s efforts to replace patronage with a professional bureaucracy were an unintended consequence of institutions designed sixteen years earlier to resolve conflicts within the Colorado Party over access

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<sup>94</sup> Note that these incentives also applied to institutions shifting the private goods benefits of patronage bureaucracies to public employees. Until 1978, unions were systematically persecuted (Espinal et al., 2010). Subsequently, public sector unionization was dissuaded through, among others, (threats of) dismissals of union leaders and members. Teachers and medical personnel were, starting in 1970 and as early as 1891, the only professional groups able to maintain a collective organization despite this adverse context. At the time, they represented, first, scarce resources with few qualified peers in the country; and, second, services which were, due to their geographic dispersion, hard to control and in close contact with beneficiary communities. Particularly in the case of medical personnel, these communities held a strong stake in uninterrupted service provision (Interview Union Leader; Interview NGO Analyst). Presidents thus shifted to co-opting rather than repressing them.

<sup>95</sup> Bar the 1990s under Peña Gomez’ leadership, the PRD was an exception to this generalization (Espinal, 2008).

to patronage. Institutions allocating patronage control thus exerted causal power of their own – rather than merely reflecting deeper causes of professionalization.

### **Conclusion: Institutions, Patronage Control and Professionalization**

In conclusion, the case comparison provides strong confirmatory evidence for the patronage control theory. Variation in institutions allocating patronage control shaped incumbent and challenger incentives to advance or resist professionalization in Paraguay and the DR as predicted by the theory. Where institutions deprived the Presidency of patronage control, the incumbent sought to advance – and challengers resisted – professionalization. Vice versa, where institutions monopolized patronage control in the Presidency, the incumbent resisted – and challengers supported – professionalization (table 5.3).

**Table 5.3 Matching Cases and Theory**

		Institutions Allocating Patronage Control	
		Presidency Monopolizes Patronage Control	Presidency Deprived of Patronage Control
Professionalization Incentives	Resist	DR Incumbent	Paraguay Challengers
	Reform	DR Challengers	Paraguay Incumbent

Source: author's own elaboration

Moreover, empirical evidence was found for all three causal mechanisms theorized to link limited patronage control with incumbent incentives to professionalize, albeit with differing weights. Paraguay's incumbent advanced professionalization to compete electorally based on public goods and to elicit cooperation from tenured appointees of his predecessors; to a lesser extent, professionalization also enabled him to deprive electoral challengers of patronage control. Finally, the institutions which allocate patronage control were found to be determinants of professionalization – rather

than merely intervening variables reflecting deeper causes. The factors which originated these institutions were distinct from those incentivizing professionalization. Professionalization was thus an unintended consequence of prior choices about institutional design. As theorized, the origins of professional bureaucracies may thus lie in institutional differences across patronage states.

While this chapter thus evidenced that the patronage control theory *added* to professionalization incentives in the two cases, it left unanswered the question whether the institutions allocating patronage control were the only – or even decisive – determinants of variation in professionalization. To answer this question, the next chapter turns to ruling out rival explanations. Underscoring the causal power of the patronage control theory, these do not account for the observed variation in professionalization. At the same time, they do explain two important conundrums: why professionalization in Paraguay did not expand state-wide; and why the DR saw concurrently a legal revolution and standstill in practice.

# 6

## Supply and Demand **Ruling out Rival Explanations for Bureaucratic Professionalization in Paraguay and the DR**

In this chapter, I explain whether rival hypotheses – rather than the patronage control theory – explain part or most of the observed variation in bureaucratic professionalization between Paraguay and the DR. Following the structure of the literature review in chapter 2, I do so by testing, first, demand-side rival explanations and, second, supply-side rival explanations. I conclude the chapter by discussing the implications of the (lack of) impact of these rival explanations for the literature on bureaucratic professionalization.

As I shall argue, neither demand-side nor supply-side rival explanations account for cross-case variation in professionalization. On the demand side, public employees lacked, in both cases, either the *ability* or *incentives* to demand professionalization; donors supported reforms in both cases, yet their limited financial leverage and contentment with formal reforms deprived them of the *ability* to bring about professionalization; similarly, most voters in the DR and Paraguay lacked, in the context of limited formal employment and prevalent poverty, *incentives* to seek professionalization rather than patronage access. At the same time, a civil society-business coalition funded by donors demanded professionalization in the DR, yet not Paraguay. From a demand-side perspective, professionalization should have thus proceeded, if at all, in the DR rather than Paraguay. Yet, as detailed in chapter 4, Fernandez responded to – and sought to placate – these demands with legal and constitutional reforms rather than professionalization in practice. With most voters preferring patronage and the President monopolizing patronage control, incentives to

retain patronage powers and the corresponding electoral advantage overwhelmed professionalization incentives emanating from the societal coalition for reform.

Similarly, supply side rival explanations do not account for cross-case variation in incumbent professionalization *incentives* – and, as a corollary, diverging professionalization outcomes. They do, however, shed additional light on within-case outcomes and, in particular, the incremental – rather than state-wide – professionalization in Paraguay. Supply side variables undermined both Lugo’s *ability* and his *incentives* to professionalize state-wide. In the DR, Fernandez faced the opposite constellation. His *ability* to professionalize was relatively unconstrained. Moreover, several supply side factors tilted *incentives* towards professionalization. These professionalization incentives, however, were overwhelmed by incentives to retain monopolized patronage control and the concomitant electoral advantage.

With rival explanations unable to account for cross-case variation in professionalization, confidence in the validity of the patronage control theory is enhanced. Moreover, evidence for the strength of the theory’s causal effect is provided. Variation in incumbent patronage control was a decisive – rather than only contributing – cause of cross-case variation in bureaucratic professionalization. This causal effect was substantively strong. Deprived of patronage control, Lugo professionalized even though other supply and demand side variables curtailed his *ability* and *incentives* to reform. For Fernandez, the opposite was true.

Beyond the patronage control theory, two general conclusions about the politics of bureaucratic professionalization may be drawn from the analysis. On the demand side, professionalization due to collective actors will remain a rare occurrence. Patronage states militate, by their very nature, against both the *incentives* and the *ability* of collective actors to push for professionalization. As a result, the scope conditions of collective action explanations become highly restrictive. On the supply side, scholarly hypotheses appear to hold greater explanatory power for incumbent *ability* than *incentives* to reform. Yet, the Paraguayan case suggests that *incentives* are the key explanandum of interest. Lugo was *able* to professionalize part of the state

despite a highly adverse governability and technical capacity context. When facing *incentives* to professionalize, incumbents *thus* tend to be able to do so – even if only incrementally.

### **Ruling Out Demand-Side Rival Explanations**

As shall be argued in this section, variation in demand-side variables does not account for cross-case variation in professionalization. Demand from public employees for professionalization was absent in both cases; donors supported reforms in both cases, yet their limited financial leverage precluded them from bringing about reform; at the same time, a broad civil society-business-donor coalition demanded reform in the DR, yet not Paraguay. *Ceteris paribus*, professionalization should have thus proceeded in the DR. Yet, these reform incentives were overwhelmed by incentives to retain patronage in response to voter prioritization of patronage over professionalization in conjunction with a Presidential patronage control monopoly.

#### *Demand from Public Employees for Patronage and Professionalization*

As detailed in chapter 2, bureaucrats may push for professionalization to protect themselves from patronage-induced career and tenure uncertainty and to enhance their societal legitimacy and reputation (see, for instance, Carpenter, 2001; Silberman, 1993). Yet, in Paraguay and the DR, such bureaucratic demand for professionalization was not forthcoming: public employees either lacked *incentives* (Paraguay) or *incentives* and the *ability* (DR) to demand reform. Demand from public employees thus does not account for the cross-case variation in professionalization.

Paraguay's public sector unions could have, *prima facie*, been expected to count on both ability and incentives to seek professionalization under Lugo. As detailed in chapter 5, public sector unions counted on great capacity to press for their demands as one of the few collectively organized actors in the country. Overwhelmingly ANR-affiliated, union members could, *prima facie*, benefit from professionalization: discretion by the executive was unlikely to favour them under Lugo. Yet, despite

resentment of bureaucrats not benefiting from discretionary practices by the executive (UNDP, 2009), union demand for professionalization was mute. To illustrate, when asked about their objectives, none of the six union leaders interviewed mentioned competitive recruitment or promotion procedures – despite a sampling bias towards relatively progressive union leaders. As one union leader (Interview) put it rather starkly: “professionalization seems to unions a bit irrelevant.”

At least two factors disincentivized unions from demanding professionalization. First, the competencies of most union members reduced their chances of competing successfully in examinations (Interview, SFP Director). As a result, union members and leaders had a marked preference for automatisms – such as across-the-board salary increases, pay for seniority or pay for educational credentials – detached from individual performance and benefiting union members collectively. Second, ANR unions needed not fear patronage. Their members were protected from dismissal through strong tenure protections. At the same time, their patrons in the legislature were still in office. With institutions allocating patronage control to the legislature, union members could thus still access patronage.

As a result, union demand does not account for the occurrence of professionalization. This is not to say that unions did not affect the professionalization process, however. The SFP’s regulation of competitive examinations granted unions representation in selection commissions (SFP, 2008). This empowered unions to become “incomplete reform allies” (Interview, SFP Minister). In support of professionalization, unions acted as watchdogs, adding an external control to examinations (Interview, Education Vice-Minister). More significantly, they lodged formal complaints with the SFP when authorities selected personnel beyond the strata of political appointments without examinations – albeit only when such appointments were not benefiting union leaders or members (Interview, SFP Minister). At times, unions also resisted professionalization. In institutions with strong union patronage control or ANR militancy, unions resisted professionalization precedents which could, in the future, threaten their control of patronage or the electoral linkages of the ANR at-large

(Interview, SFP Minister). Moreover, unions resisted – at times even with hunger strikes – examinations for positions which ANR legislators had created for union members (Interview, Health Minister). The aggregate union impact on expanding professionalization in Paraguay was thus ambiguous at best.

In the DR, public employees were not only largely unwilling, but also largely unable to demand professionalization. As noted in chapter 5, public employees in the administrative realm are collectively unorganized. While the recently-founded Associations of Public Servants are to participate in ad hoc juries supervising competitive examinations for civil servants (MAP, 2009), the Associations' inexistence or, where founded, lack of independence from the party in power precludes them from adding an autonomous control to examinations. Moreover, where the (few) competitive examinations did take place, “these were not well-received [by public employees]. They felt they had political rights. There was discontent among part of the personnel who felt that they were no longer worthy ... So they boycotted the new personnel.” (Interview, Finance Director)

In the case of teachers and medical personnel, interview respondents coincided, as one MAP Director writes, that their “objectives are directed at preserving the rights and prerogatives of their professional class, not ... at safeguarding the quality of public services and the professionalization of public employment.” (De La Cruz Hernández, 2011, p. 4) As a result, “the main fights [of unions] are for salary increases ... other important topics are disregarded.” (Interview, NGO Analyst)<sup>96</sup> The lack of demand for professionalization stemmed in part from political capture of unions (see chapter 5). Mobilization for objectives antagonistic to the interests of the incumbent was thus largely pre-empted. As in Paraguay, lack of union demand also stemmed in part from limited professional competencies of members – and thus a preference for

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<sup>96</sup> In education, one caveat to this generalization applies. Demands from the non-partisan ‘Juan Pablo Duarte’ ADP faction did extend to professionalization (Interview Union Leader). The faction’s membership draws in great part on teachers without party affiliations. As such, its own success in the electoral competition for the ADP Presidency hinges partially on the recruitment of non-partisan teachers. While the faction held the presidency under the Mejia Presidency (2000-04) – during which competitive examinations for teachers were introduced – it did not occupy it during the Fernandez Presidency.

collective benefits detached from individual performance – in conjunction with continued access to patronage. To illustrate, “when vacancies appear in education, they [the union] immediately put pressure on the selection process so that union members can accede. When one wants to establish higher technical standards which could exclude part of their members, the union immediately pressures so that these standards are not as strong.” (Interview, MAP Advisor)

In conclusion, demand from public employees does not account for diverging professionalization outcomes in Paraguay and the DR. Whether donor demand commanded greater explanatory power is examined next.

#### *Donor Demand for Bureaucratic Professionalization*

Donor organizations such as USAID and international financial institutions such as the World Bank are, as detailed in chapter 2, major reform stakeholders in many developing countries. They provide, among others, technical and financial assistance as well as international legitimacy to domestic professionalization efforts (see, among many, Andrews, 2013; Laking & Norman, 2007).

Paraguay and the DR were no exception. Technical and financial support facilitated, in both cases, reform expansion. In the DR, donors additionally brought together a broad societal coalition to demand professionalization and counted on greater financial leverage to induce state reforms. Yet, it was Paraguay which professionalized. Donor demand may thus be ruled out as a rival explanation.

In Paraguay, donors have demanded professionalization since at least the democratic transition. In the 1990s, they funded, among others, the drafting of the 2000 public service law (Interview, NGO Analyst). Under Lugo as under his predecessors, however, limited financial leverage – 2008-2012 net official development assistance stood at 0.6 percent of GNI (World Bank, 2013a) – deprived donors of the *ability* to bring about professionalization through conditionalities. To illustrate, the six donor officials interviewed were unanimous in noting that it was government rather than donor action which underlay professionalization. Several further pieces of evidence

substantiate this assessment. A \$4.2m IDB loan to fund civil service reform had been approved under the previous Duarte government, yet was largely “forgotten about” until the Lugo government took office (Interview, Donor Official). Donor- rather than government-driven reform elements – such as the regulation of allowances controlled by the executive – in turn often failed to make progress (Interview, Donor Official). Donors were also uninvolved in key reform negotiations. The discussion of the Presidential decree draft in support of professionalization at the Council of Ministers (see chapter 4), for instance, was not accompanied by a socialization of the decree with donors to solicit their support (Interview, SFP Director).

While thus not causing professionalization, donor support did facilitate reform implementation through technical and financial assistance. The public personnel management policy and the management information system SICCA developed under Lugo, for instance, were designed by donor-funded consultancies and based on an external policy blueprint – the Latin American Civil Service Charter. Donor funding was also instrumental in recruiting a reform team in the SFP, with its staff size doubling; and in strengthening the SFP institutionally, with its budget growing by 77 percent in 2008-2011 (SFP, 2011c).

In the DR, donors were comparatively more involved. As in Paraguay, they provided financial and technical support which facilitated reform implementation. The drafting of the 2008 public service law, for instance, was explicitly based on the Latin American Civil Service Charter and supported by a range of donor-funded consultancies, as was the development of the management information system SASP. Donor funding was, moreover, instrumental in assuring the MAP’s capacity to act. The MAP’s government-funded budget covered only fixed costs such as salaries and electricity. Donor funds – which accounted for 25 percent of MAP’s total budget – made the Ministry operational (Interview, MAP Director).

More so than in Paraguay, however, donors also counted on financial leverage – and thus a seemingly enhanced *ability* – to press for state reforms. In the context of recurrent economic crises, “38 World Bank agreements (1970 – 2004), six

IMF agreements (1982 – 2005) and numerous USAID, IDB and UNDP projects leverage the policy interests of multilateral lenders.” (Mitchell, 2009, p. 204) As a result, the “Dominican external exposure rivals extreme cases found in Latin America.” (Mitchell, 2009, p. 204) To illustrate, during the Fernandez Presidency, most state reform laws (albeit not the 2008 public service law) formed part of IMF, World Bank and IDB conditionalities (Contreras, 2009; Interview, Finance Vice-Minister).

At the same time, international actors counted on a “paradoxical inability ... to shape specific political outcomes” in practice (Espinal & Hartlyn, 1999, p. 469). As elsewhere in the developing world (see Andrews, 2013), this stems in part from a donor practice to reward tangible formal institutional reforms over informal change and to measure project success by project disbursements. As a consequence, public service reform stemmed in part “from this simulation game how the political system works ... ‘What do you [an international organization] want? You want ... a Ministry [of Public Administration]? How much do you give me for that? A loan or whatever possible is fine. Hand it over. Let’s create a Ministry.’” (Interview, Economy Vice-Minister)

More exceptionally compared to other developing countries and the Paraguayan case, however, donors in the DR also assembled – and funded – a broad societal coalition in support of state reforms. In 2009, donors set up – and funded 95 percent of the costs of – a multi-stakeholder Participatory Anti-Corruption Initiative (IPAC). In 2010-2012, IPAC brought together 260 societal stakeholders in ten working groups, including one on civil service reform. As part of IPAC, public accountability workshops to measure implementation progress took place every three months (World Bank, 2012a). While progress on some reform measures was made in this period – including the expansion of SASP and the administrative career (see chapters 4 and 7) – professionalization was not forthcoming.

In conclusion, donors acted as “trampolines” for professionalization in both cases, facilitating reform expansion through technical and financial assistance (Interview, Donor Official DR). They did not cause professionalization, however.

Beyond providing technical and financial support, donors in the DR – rather than Paraguay – were involved in key reform negotiations and the creation of a coalition for professionalization. Donors in the DR also counted on greater financial leverage. Yet, it was Paraguay which saw professionalization.

In sum, donor demand does not explain cross-case variation in professionalization. As shall be argued next, this conclusion applies as well to civil society and business demand.

#### *Collective Societal and Business Demand for Patronage and Professionalization*

Collective societal actors may face a variety of incentives to demand professionalization (see chapter 2). They gain, for instance, political decision-making power with the decline of patronage-based party organizations (see, among many, Shefter, 1993). Business demand may complement civic mobilization. Professionalization offers the promise of reduced business transaction costs and enhanced investment confidence, among others (see, among many, Weber, 1978). In the two cases studied, societal and business mobilization for reform contrasted with professionalization outcomes. It occurred in the DR rather than Paraguay. Civil society and business demand may thus be ruled out as rival explanations.

In Paraguay, collective societal and business demand for professionalization was, except for one isolated incident, muted. Collective societal actors lacked the ability and/or incentives to demand professionalization. Next to public sector unions, peasant federations were, with roughly 40,000 members, the foremost collective societal actor (Paredes, 2007). Yet, they attributed higher priority to other grievances, in particular land reform (Coordinadora de los Derechos Humanos de Paraguay, 2012). Private sector unions in turn lacked a mobilization base: only roughly 7 percent of employees worked in businesses with more than 50 people (Abente Brun, 2007).

Against this backdrop, the Lugo administration saw only one collective societal mobilization against patronage. In April 2012, the legislature sought to overturn

a Presidential veto against a US\$35m budget expansion to fund 5,000 additional political operators. In response, several thousand young professionals mobilized in front of Congress in a ‘Revolutionary After Office’. Facing this unusual resistance, legislators abandoned their attempt to override the Presidential veto (Nickson, 2012). This was but an isolated societal action, however. To illustrate, when a budget expansion to fund political operators found legislative approval six months later, society did not mobilize (ABC Color, 2012a).

The economic elite – which consisted, principally, of former Colorado and military elites – lacked incentives to step in. As Nickson (2009, p. 288) puts it, “the fortune of virtually every millionaire businessman in Paraguay was developed through illicit contracts with the state.” As such, business interests were antagonistic to bureaucratic professionalization and other state reforms which would complicate access to clientelist arrangements with state officials (Nickson & Lambert, 2002).

As a result, societal support for professionalization was largely limited to public opinion incidence by NGOs – in particular watchdog organizations and think tanks. Rather than representing broader societal actors, however, NGOs were largely funded – and responding to – donors (Lachi, 2009; USAID, 2009). Moreover, NGO support during the Lugo administration was complicated by their absorption in government: a large fraction of civil society activists joined Lugo’s government (Setrini, 2011). In this context, NGOs were uninvolved in key reform decisions, such as the negotiation of the Presidential decree in support of professionalization (Interview, SFP Director). Their public opinion incidence in turn was curtailed by media partisan biases. Six of seven major media outlets were controlled by individuals with former ties to Stroessner (USAID, 2009). Unsurprisingly, the media had – except for blatant cases of nepotism – not reported about patronage prior to Lugo. Lack of coverage was reversed in response to public patronage accusations by the SFP (see, among many, ABC Color, 2011b). Reports remained sporadic and without follow-up, however. As such, they did not exert major professionalization pressure. Civil society and business demand thus do not account for professionalization.

In the DR, collective societal action had a more prominent role. Professionalization was fomented by pressure from a polycentric coalition formed by donors, NGOs and business associations (see Schuster, 2014 for a more detailed account). To illustrate, the formulation of the 2008 public service law was accompanied by discussions of every single article in the National Dialogue – an entity which brought together most of the major business and civil society actors. Moreover, ONAP – the MAP’s predecessor – held repeated bilateral discussions with the country’s principal NGOs and business associations: *Participación Ciudadana*, FINJUS, CONEP and ANJE. In parallel, ONAP periodically informed media outlets about the reform to sway public opinion (Delmas, 2007). After the approval of the 2008 public service law, implementation was, as noted, monitored in IPAC working groups with broad societal participation. Subsequent to IPAC, multi-stakeholder working groups with roughly 200 participating societal organizations accompanied the reform at the national and provincial level (Interview, NGO Analyst).

This civil society, private sector and donor coalition was central to putting public opinion pressure on Fernandez. As an NGO analyst puts it, “many times [our] positions are convenient to the Ministry of Public Administration, because they have internal battles. And many times the Minister has to swallow things, but when we voice it [the positions], this helps him open doors.” (Interview) The MAP Minister himself put it even more starkly. According to him, the societal alliances are “what makes that one can survive.” (Interview)

To respond to this pressure, Fernandez supplied legal reforms and implementation progress where it did not curtail patronage (see chapter 4). These had “a lot of political added value: a public opinion effect.” (Interview, MAP Advisor) For Fernandez then, “formality was a way to safeguard my image … And if I can do it without it affecting me, well then why don’t we do it?” (Interview, Presidency Advisor)

Societal pressure was insufficient to tilt incentives towards professionalization in practice, however. Donor- and private sector-funded civil society organizations were frequently disconnected from a broader societal base. The society

at-large was demobilized. Private sector unions “have always had a minimal presence.” (Singer, 2012, p. 74) Middle and upper classes have adopted individual, private sector solutions to solve collective problems such as electricity or health (M. E. Sánchez & Senderowitsch, 2012). In poorer neighbourhoods in turn, local associations frequently seek access to clientelist state resources rather than state reform. The government provides funding to over 3,000 NGOs and NGO participation is statistically associated with the receipt of clientelist goods. As a result, “civil society is not external to parties.” (Espinal et al., 2010, p. 50)

Businesses similarly face disincentives to demand professionalization. *Prima facie*, we could expect them to be important reform demand sources. The DR has seen rapid private sector development, with an average growth rate of 5.3 percent in 1967-2007 – second only to Chile in Latin America (World Bank, 2014a). Moreover, businesses cite corruption and an inefficient bureaucracy among the three most critical business obstacles (World Bank, 2012b). At the same time, however, businesses “do not want to see themselves on the black list of the government” (Interview, Donor Official) – not least as many of them secure preferential treatment through personal relations with the government (World Bank, 2014a).

Likewise, the media is only a partial conduit for public opinion pressure. Most journalists lack political independence: over 5,000 are allegedly on the government’s payroll (Von Ruster, 2012). At the same time, even journalists critical of the government did not denounce patronage. As a journalist (Interview) explains, “this is like a battle that one understands is lost beforehand ... if they can make a [procurement] contract for \$20mn or \$200mn without a competitive selection, how will you fight for them to make a competitive examination for one employee in a ministry.” Lastly – and as detailed in the next section – collective societal demand was insufficient to tilt incentives towards professionalization as voters continued to prioritize access to patronage over professionalization.

Against this backdrop, civil society and business demand may be ruled out as rival explanations.

### *Voter Preferences for Patronage and Professionalization*

As detailed in chapter 2, voter preferences may shape incumbent incentives even in the absence of collective mobilization. Such preferences tend not to translate directly into demands for patronage and professionalization, but rather into demands for private and public goods provision – which in turn shape the political payoffs of patronage and professionalization. Voter preferences are hypothesized to shift towards public goods as a result of changes in income, education, private sector employment opportunities, urbanization and ethnic fractionalization<sup>97</sup> (see chapter 2).

Yet, neither Paraguay nor the DR saw major shifts in these variables prior to or during the Fernandez and Lugo Presidencies. Instead, most citizens in the two countries continued to put a premium on access to private goods.

Paraguay was, as the DR, characterized by relatively rapid economic growth when Lugo came to power, with real GDP increases of 3.9 percent per year in 2002-2012. In parallel, net secondary school enrolment rates increased from 52 percent to 63 percent and urbanization advanced, with the urban share of the population increasing from 57 percent to 62 percent in the same period (World Bank, 2013b). As a result, Paraguay saw the gradual rise of independent “new democrats:” students and urban professionals demanding public goods provision (Hetherington, 2011). As a former Senator (Interview) put it, however, “there was this growth ... but no realignment so to speak.” In other words and as evidenced by socio-economic indicators, the ‘new democrats’ remained a small minority.

Instead, a largely impoverished and poorly educated population met an agrarian economic structure with constrained demand for low-skilled labour. 32.4 percent of Paraguay’s population lived under the national poverty line in 2011, a figure that had fallen by only 3.7 percent since 1998; 62.9 percent of the urban labour force was employed in the informal sector (World Bank, 2012c); and 35.4 percent of the

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<sup>97</sup> As ethnicity is prominent as an explanatory variable for patronage in regions beyond Latin America (see, for instance, Berman, 1998), I do not examine it in detail for the two cases. Having said that, ethnic divisions may have added to patronage incentives in the DR in particular (Morgan, Hartlyn, & Espinal, 2011).

population was either unemployed or under-employed (Dirección General de Estadística Encuestas y Censos, 2006). Not surprisingly then, the lack of employment was rated as the most pressing problem by voters (Consejo Impulsor del Sistema Nacional de Integridad, 2005). In this context, Paraguay's government was the country's largest employer.

Rather than collectively seeking state reform, voters thus tended to individually demand access to public sector jobs. In the resulting “country without citizens,” Lugo faced such patronage demands despite having run on a public goods platform (Rodríguez, 2012, p. 5). To illustrate, when the only Senator of Lugo's MPT returned to communities where he had campaigned based on public goods promises, these same communities now demanded from him access to jobs, noting: “now it is our turn ... it is our moment to enter [the government].” (Interview, SFP Minister)

Similarly, in the DR, most citizens demanded individually access to public employment rather than collectively reform – even though, as in Paraguay, a socio-economic transformation took place when Fernandez came to power. Between 2000 and 2012, net secondary school enrolment rates increased from 40 percent to 62 percent and urbanization from 62 percent to 70 percent. In parallel, per capita incomes increased in real terms by 53 percent to reach over US\$11,000 in 2012 – roughly 58 percent more than in Paraguay (World Bank, 2013b).

This socio-economic transformation was not accompanied by reduced unemployment or poverty, however. At 34 percent, the DR's moderate poverty levels in 2009 exceeded those in 1997 (27 percent). Likewise, informality in employment remained high, at 57 percent in 2010 compared to 53 percent in 2000. Concurrently, unemployment averaged 16 percent in 2000-2011 (Organización Internacional del Trabajo, 2013). Against this backdrop, citizen demand for and acquiescence to patronage remained large. To illustrate, over 75 percent of surveyed voters considered it either not corrupt or justifiable if politicians use their influence to provide public sector jobs to unemployed relatives (Morgan & Espinal, 2010). A MAP advisor (Interview) explains: “who comes to a public sector position has a social obligation to

help his friends, [party members, family members ... and followers] which is so strong that in society it is frowned upon [if he does not].” In reference to citizen demands for jobs and other private goods, even Fernandez himself noted that “in [the DR] the government falls if it cannot incorporate citizens in some survival mechanism. In Spain, the government falls if this is revealed, here it falls if it is not done.” (cited in Benito Sanchez, 2010a, p. 754)

Consequently, voter preferences in both cases maximized the electoral utility of private goods provision. Unsurprisingly, patronage had historically been the rule of the game in the countries’ bureaucracies. An important scope condition of the patronage control theory was thus met: control over patronage provided important electoral advantages. At the same time, however, public and private goods preferences of voters may be ruled out as rival explanations: they did not undergo major shifts in either of the two cases.

In conclusion, demand-side variables do not account for why professionalization advanced in Paraguay, yet not the DR. Whether supply-side variables command greater explanatory power is examined next.

### **Ruling Out Supply-Side Rival Explanations**

Drawing on the scholarly hypotheses reviewed in chapter 2, the explanatory power of seven supply side variables shall be examined: patterns of electoral competition and political time horizons; party organizations, constituencies and ideologies; presidential beliefs and convictions; principal-agent problems in (growing) patronage networks; electoral institutions; technical capacity constraints; and governability concerns.<sup>98</sup> As evidenced below, these factors do not account for variation in incumbent reform *incentives* – and, concomitantly, in professionalization outcomes. They do, however, add to explaining within-case outcomes and, in particular, the incremental – rather

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<sup>98</sup> Note that the literature review in chapter 2 had pointed to several additional variables, such as administrative legacies. As these are – in line with the most similar system design – held largely constant across the two cases, they lack cross-case variation which could explain diverging professionalization outcomes. Consequently, they are not further discussed in this chapter.

than state-wide – professionalization in Paraguay. Both Lugo's *ability* and his *incentives* to expand professionalization were curtailed by supply side factors.

### *Electoral Competition and Political Time Horizons*

Despite their prominence in the literature, patterns of electoral competition do not explain diverging professionalization outcomes. Fernandez and Lugo both rose to power in electoral contexts characterized by manageable numbers of stable parties competing in closely contested elections and offering voters relatively clear governing alternatives. In Paraguay, the ANR and PLRA had, as the country's two largest parties, jointly never obtained less than 71 percent of Chamber of Deputies seats in 1992-2008 (Georgetown University, 2014). In the DR, the same three parties – the PRSC, PLD and PRD – have alternated in the Presidency since the democratic transition in 1978. With the gradual implosion of the PRSC after Balaguer's death in 2002, the country's party system evolved towards a “satellite bipartisanship” (Espinal, 2010a), with the PLD and the PRD as the “two mainstream” parties (Benito Sanchez & Lozano, 2012, p. 199). According to O'Dwyer (2006), Grzymala-Busse (2007) and Geddes (1996, p. 190), among others, these patterns of predictable and stable electoral competition between parties of relatively similar size should have tilted incentives towards professionalization in both countries prior to the rise of Lugo and Fernandez. Parties, however, opted for patronage.

Professionalization was also not incentivized by the anticipation of a potential or imminent exit from office, as hypothesized by, among others, Ting et al. (2013). Lugo commenced professionalization in his first month in office. At the same time, the ANR made no attempt at professionalization in the four months between losing the Presidential elections and Lugo's inauguration in 2008.

Similarly, hypotheses with less sanguine predictions about the effects of electoral competition do not account for professionalization. As argued by, for instance, Lapuente and Nistotskaya (2009), shorter political time horizons and political uncertainty diminish the expectation of incumbents to reap the long-term public goods

benefits of reform and thus militate against it. This hypothesis would have implicated professionalization in the DR rather than Paraguay, though. The implementation of the 2008 public service law coincided with Fernandez' third term in office; the PLD had come to progressively dominate all branches of government; and Fernandez as a “permanent candidate for the Presidency” (Interview, Education Minister) noted that the PLD “should prepare to govern after 2016 … for the next 20 years.” (cited in El Caribe, 2013) In other words, Fernandez and the PLD at-large operated under a long political time horizon. Yet, Fernandez resisted professionalization.

In contrast, Lugo supported reform in a political context marked by high uncertainty and brief time horizons. As noted, Lugo faced constant impeachment threats starting virtually weeks into his Presidency, after Vice-President Franco's conviction to replace Lugo was publicized. Lugo nonetheless proceeded with professionalization, underscoring the explanatory power of the patronage control theory: it incentivized professionalization despite the limited public goods gains to be reaped within a brief political time horizon.

### *Party Organizations, Constituencies and Ideologies*

Differences in party organizations similarly fail to explain diverging professionalization outcomes. According to Cruz and Keefer (2013), cohesive party organizations facilitate reform by enabling collective action and thus credible public goods promises by politicians. Yet, this should have tilted incentives towards professionalization in the DR rather than Paraguay. Founded in 1973, the PLD was historically characterized by vertical leadership control and discipline among party members. Locally known as the ‘mini-cabinet’, a virtually tenured political committee with 27 members – all of which occupied high-level public offices – decided on all important party directives (Benito Sanchez, 2013). Concomitantly, data from a global expert survey indicates that PLD leaders are more in control of selecting candidates and setting electoral strategies than party leaders in the majority of developing countries (Singer, 2012). In contrast, Lugo did not count on a cohesive party

organization able to credibly commit to broad public goods delivery. In fact and as noted, Lugo “did not have a party [but rather] a conglomerate of independent people” (Interview, Finance Director).

Grzymala-Busse (2007) and Sorauf (1959), among others, in turn argue that only parties with the organizational capacity to monitor and enforce patronage contracts may administer patronage to its maximum advantage. While this hypothesis was at play in the DR, it does not account for cross-case variation in professionalization. With a network of, by the end of Fernandez’ third term, 173,000 base committees (El Dia, 2013; Listin Diario, 2013), the PLD was, according to ethnographic studies, “by far the best organized [party in the DR] and thorough in keeping track of the supporters who fulfilled their part of the bargain.” (Gonzalez-Acosta, 2009, p. 163) This country-wide presence, however, was mostly subsequent – rather than prior to – Fernandez’ choice to rely on patronage. When Fernandez came to power, the PLD still lacked – even if somewhat less so than Lugo in Paraguay – a broad organization (Keefer, 2002). In subsequent years, Fernandez expanded the PLD’s presence (largely) through patronage. This expanded presence in turn added to the electoral utility of patronage. In other words, when Fernandez came to power, the PLD’s party organization largely emanated from patronage – rather than patronage from the PLD’s party organization.

In Paraguay, the lack of a party organization of the incumbent implicated, as its flipside, the lack of a pool of party affiliates to appoint to positions. None of the (centre-)left parties came to count on more than 41,000 affiliates (ABC Color, 2012b). In contrast, PLD membership stood at 1.4m after Fernandez initiated his second Presidential term in 2004 (Listin Diario, 2013). With Lugo yet not Fernandez lacking appointees, professionalization should – according to Geddes (1996) – have proceeded in Paraguay, not the DR. Note, though, that the lack of a pool of party affiliates for appointments preserves the *ability* yet not necessarily *incentives* for reform. It safeguarded Lugo’s *ability* as he did not face many demands from party affiliates expecting patronage in return for prior campaign support. This is echoed by one of Lugo’s Vice-Ministers of Agriculture (Interview): “I did not respond to any party ... so

I did not have debts [to repay] ... That gave me more possibilities [to professionalize]." The lack of patronage *obligations* to party affiliates, however, did not reduce patronage demands from voters – and, as such, affect whether professionalization rather than patronage was the electorally optimal *choice* to mobilize votes.

At the same time, the presence of a pool of party affiliates in the DR did not forestall reform. As should be expected, party members did pressure for public employment. As the Director of the National Council for State Reform (Interview) put it, "you will always have the pressure of putting [into positions] people from your ... committees ... They expect that." As a result, "the party crucifies you if you undertake competitive examinations" (Interview, Presidency Advisor) – or, more specifically, "heats you [i.e. a minister] with the President" (Interview, NGO Analyst). Many ministers thus lacked the *ability* to professionalize. Fernandez, however, did retain this power. The PLD was characterized by "subordination to [Fernandez'] leadership," not least as it had been Fernandez who had brought the PLD to the Presidency (Interview, Academic). As a result then "if [Fernandez] says we will professionalize, it will be done. But he would have to dismiss many of his party" (Interview, Donor Official). Even though Fernandez was thus *able* to professionalize despite patronage demands from party affiliates, he lacked *incentives* to do so.

This is even though PLD members were, according to survey data, the most educated among the three major parties in the DR (Schrank, 2010). Originating from a middle-class base, many middle- and high-level party leaders counted on professional backgrounds (Interview, NGO Analyst). According to Benitez-Iturbe (2008) and Calvo and Murillo (2004), patronage should have thus been a particularly costly electoral strategy for Fernandez. With better private sector employment prospects, more educated party members were likely to demand greater wage premiums to provide electoral support.

In Paraguay, Lugo faced an opposite set of incentives. ANR leaders and members had monopolized state-funded educational opportunities while in power. Competitive examinations were thus likely to favour them disproportionately. As a

Colorado Vice-Minister of Education (Interview) explains, “when [the Lugo administration] came to power, they realized that they would probably be able to fill some vacancies through competitive examinations with likeminded personnel. But they would hardly be able to win the other examinations over a party which was 60 years in government, with [access to] scholarships, opportunities, education.” As a result, competitive examinations limited access to public sector positions for Lugo’s constituency, in particular the poor. This, at times, engendered intra-party resistance to reform. As a Minister of Health (Interview) recalls, “in a meeting with social sectors, [one of our] political leaders complained that ‘there are ministers who demand curriculums from poor people’ in an ... allegation to me and [Minister of Civil Service] Lilian.” The educational attainment of party constituencies thus shifted incentives towards professionalization in the DR and against it in Paraguay. Speaking to the explanatory power of the patronage control theory, professionalization outcomes were juxtaposed.

Beyond their educational attainment, party constituencies may differ in their ideological orientation – and, as a corollary, in their prioritization of private and public goods receipts (Calvo & Murillo, 2004). Yet, the DR’s and Paraguay’s major parties were not characterized by significant ideological differences. In the DR, parties had originally formed around ideological cleavages. Due to a gradual “de-ideologization,” however, “parties do not present distinct or ideologically cohesive [choices] to voters.” (Benito Sanchez, 2013; Singer, 2012, p. 66) In fact, when Fernandez came to power, there was no statistically significant difference in the ideological self-placement of PRD and PLD legislators (Benito Sanchez, 2010a). Concomitantly, discussions about programmatic differences were absent in campaigns (Hartlyn & Espinal, 2009).

Similarly, in Paraguay, both the ANR and PLRA were non-ideological catch-all parties, mobilizing a broad spectrum of groups (Riquelme & Riquelme, 1997). This was reflected in overlapping party affiliations. In 2012, the ANR counted on 1.3m unique members, next to 0.7m members also affiliated with other parties. The PLRA

in turn counted on 0.61m unique members, in addition to 0.5m members with multiple affiliations (Ultima Hora, 2012a). Heading an alliance of left-wing parties, Lugo was the exception to this lack of ideological differentiation. Yet, left-wing ideology does not account for professionalization. Several smaller left-wing parties resisted professionalization of the institutions under their control (Interview, NGO Analyst). This is, in comparative perspective, unsurprising: a range of other left-wing incumbents in the region have pursued left-wing policies through private goods provision (Philip & Panizza, 2011).

### *Presidential Beliefs and Convictions*

Next to party ideologies, personal convictions of the two incumbents could have been at play (see Grzymala-Busse, 2008; Weyland, 2002). In the case of Lugo – a former priest and adherent of liberation theology (O'Shaughnessy, 2009) – such convictions represent a particularly intuitive rival explanation. Lugo may have been willing to reform himself out of office: to professionalize even though reform was not electorally rational. Case evidence does not lend credence to this rival explanation, however. In fact, the personal aspirations of Lugo complicated professionalization. Well-publicized in media outlets, President Lugo provided government jobs to allegedly more than 100 family members (Interview, Journalist). Noting that his family members also have the right to work in the public sector and that many did so, Lugo did not refute these accusations (Ultima Hora, 2008b). This presidential nepotism impaired state-wide professionalization. According to an advisor in the Presidency (Interview), the President was recommended to “better let [the Presidential decree regulating state-wide competitive examinations] go because it is a threat ... a possible instrument of use against you ... the first thing they will tell you is ‘look at the quantity of people you put [into positions]’ ... [at worst] it could be [one of the] causes for an impeachment.”

In the DR, personal – rather than electoral – concerns may, similarly, be ruled out as the cause for lacking professionalization. As an academic (Interview) explains, “Leonel Fernandez is a person with a high level of political rationality who

governs as a function of this rationality – not in the sense of rationalizing the state, but in the sense of using clientelism as a mechanism of power.”

### *Principal-Agent Problems in (Growing) Patronage Networks*

According to Johnson and Libecap (1994), professionalization may result from growing patron-client networks – and, consequently, growing principal-agent problems in the control of appointees. At first sight, this hypothesis could have been at work in both cases. Paraguay and the DR’s public personnel spending grew rapidly in real terms under Lugo and Fernandez, at 14 percent (2008-12) and 12 percent (2004-11) per year respectively (World Bank, 2013b). At the same time, there are more than twice as many public employees in the DR than in Paraguay, and a much larger share of public employees were incumbent appointees in the DR (Contraloría General de la República, 2013; SFP, 2011b). Contrary to Johnson and Libecap’s (1994) prediction, however, Paraguay rather than the DR professionalized.

Within-case evidence in the DR confirms the lack of major principal-agent problems in patronage networks. Fernandez counted on a range of instruments to resolve such problems. To cite a few: the President could assure more unintermediated patron-client links by selecting mid- and high-level officials who responded directly to him rather than the head of institution: “a minister has two or three [high-level appointees] that effectively work for him ... The rest is politics of the President.” (Interview, Economy Vice-Minister) The President thereby, of course, does “not investigate every one of the persons to sign their appointments. Instead, they come with certain recommendations such as ‘they undertake political work in this locality, are party leaders at an intermediate level and similar things.’” (Interview, NGO Analyst) Institutions, furthermore, regularly submitted payrolls to the Presidency which “contain a summary at the end which disaggregates all that you have done in the payroll ... all

appointments, all departures, all salary increases.” (Interview, Economy Director) As a result, Fernandez could closely monitor ministerial patronage spending.<sup>99</sup>

### *Electoral Institutions*

Relatively similar electoral institutions in Paraguay and the DR similarly fail to explain variation in professionalization outcomes. Electoral institutions are argued to incentivize patronage in particular when personalizing electoral contests (G. Cox & McCubbins, 2001; Müller, 2007). In this context, both Paraguay and the DR feature mandatory party primaries – which put a premium on patronage as a differentiation strategy in primary elections (Espinal, 2010b; Molinas, Pérez-Liñán, Saiegh, & Montero, 2011). Deputies in both countries are, moreover, elected through a D'Hondt proportional representation (PR) system. Contrary to Paraguay, the DR thereby switched from a closed-list to an open-list PR system in 2002. As “most voters vote for the party list as it is presented ... it is unlikely that the shift to open-list competition has greatly changed the incentives facing politicians,” however (Singer, 2012, p. 73). Professionalization incentives emanating from electoral institutions thus did not differ substantively across the two cases.

### *Technical Capacity Constraints*

Next to political factors, technical concerns could have yielded diverging professionalization outcomes. As noted in chapter 2, professionalization involves an implementation dilemma: it is meant to reduce bureaucratic capacity constraints, yet these very constraints complicate reform. Such constraints were present in both countries: public personnel offices in line institutions had been but paper processors, without significant experience in competitive examinations prior to Lugo and Fernandez

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<sup>99</sup> Tellingly, one of the DR's major reform achievements – the implementation of the public personnel management and information system SASP (see chapter 4) – did not advance professionalization but rather principal-agent control. Prior to the SASP, the President lacked knowledge about “how many we [public employees] are, nor where we are nor what we do.” (Interview NGO Analyst) The SASP partially resolved the concomitant control problem.

(see, for instance, SFP, 2010). Yet, capacity constraints did not preclude professionalization. Both countries strengthened the capacity of their civil service ministries and public personnel offices under Lugo and Fernandez. To illustrate, the SFP roughly doubled its staff size (Interview, SFP Minister); likewise, the MAP more than doubled its staff expenditures (Banco Central de la República Dominicana, 2014).

This is not to say that capacity limitations did not complicate professionalization. In the DR, a departmental director in a state institution (Interview) lamented: “You know how much time I have been waiting for four [staff] to be selected by a competitive examination? Seven months. What incentive does a public servant have to do the things the way they should be if I need these four staff yesterday and it has been seven months and I still do not have them. Because I am respecting all the steps at the pace at which the Ministry of Public Administration can go forward.” Similarly, in Paraguay, competitive examinations were, at times, a “suffering,” taking more than half a year (Interview, Finance Director). While technical capacity limitations resulted in part from lacking prior professionalization experience, they were, at least in the DR, also a function of lacking Presidential support. As an Advisor in the Presidency (Interview) puts it, “what the Ministry [MAP] needs is many more analysts, much more personnel, etc. but the President [Fernández] did not give it that ... He did not empower ... the Ministry of Public Administration to comply with its mandate.” In other words, technical capacity constraints were in part endogenous to political resistance to professionalization in the DR. Technical capacity thus constrained professionalization in both cases, yet does not exogenously account for diverging professionalization outcomes.

### *Governability Concerns*

According to Geddes’ (1996, p. 18) “politician’s dilemma,” an incumbent’s longer-run interest in public goods provision via professionalization is superseded by an immediate interest in political survival through patronage. Governability concerns may thus undermine an incumbent’s *ability* to reform even when

facing *incentives* to do so. And, indeed, governability concerns loom large in explaining limited reform expansion in Paraguay. Virtually absent in the DR, however, the “politician’s dilemma” does not explain cross-case variation in professionalization outcomes.

In the DR’s hyper-presidentialist system, Fernandez had every *ability* to professionalize, yet chose not to do so. As detailed in chapter 5, Fernandez ceded, in the executive, control over only a minority of institutions to satellite parties which had supported his presidential bid. In the majority of institutions – which remained under PLD control – Fernandez could have imposed professionalization. As an Advisor in the Presidency (Interview) put it, “we are a presidentialist country … No Minister would say no to the President. But they felt that the [Presidential] commitment was not so great … in practical terms, the civil service was not [his] priority.” The professionalization of the tax administration (DGII) was the exception which proved the rule – or, in other words, Fernandez’ professionalization *ability*. The “brutal reform process … where everybody was fired … to afterwards evaluate based on technical criteria whom to contract” (Interview, Finance Advisor) was, in the words of a DGII Director (Interview), possible without the institution “ever needing … to search for support in the legislative sector [or elsewhere].” Presidential support sufficed (see also Lozano, 2012).

Governability concerns outside the executive were also unlikely to forestall reform. The DR’s constitution required 75 percent super-majorities in both chambers for Presidential impeachments.<sup>100</sup> As a disciplined PLD held 29 percent of seats in the Chamber of Deputies when Fernandez came to power in 2004, it could thwart any impeachment attempts. Moreover and as noted, executive discretion to deviate from legislative norms – including budget bills – lessened executive dependence on legislative majorities to govern.

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<sup>100</sup> The 2010 constitutional reform lowered – in a context of PLD dominance in both chambers – the Senate majority required for impeachment to two-thirds (Marsteintredet, 2010b).

In contrast, governability concerns did constrain Lugo's ability to expand professionalization. As detailed in chapter 5, Lugo needed to cede patronage control to the PLRA to secure sufficient legislative support to ensure continuation in office. Paraguay's legislature may impeach Presidents with two-thirds majorities in both chambers in cases of poor performance, granting it *de facto* a no confidence vote. To a lesser extent, Lugo was also in need of patronage concessions to the ANR and UNACE to secure legislative majorities for the passage of bills. The resulting governability concerns are reflected in cabinet appointments of not only reformers, but also "figures who epitomize traditional partisan interests." (USAID, 2009, p. 29) Moreover, Lugo replaced several less partisan-based appointments, among others in the customs and ports administrations, "when he saw that this [their initial appointment] started to shake the wasp's nest." (Interview, Journalist)

Due to governability concerns, Lugo thus could not expand professionalization beyond a minority of institutions. Moreover, professionalization measures applying to the public sector as a whole were bound to stall (see chapter 4).<sup>101</sup> The latter is illustrated by the fate of the Presidential decree legally obliging institutions to comply with the 2000 public service law and the SFP's public personnel management policy. As a donor official (Interview) recalls from the presentation of the decree to the Council of Ministers headed by the President: "all the ministers applauded the presentation of the Minister of Civil Service Lilian Soto. So the President said literally in a sarcastic manner: 'we are all in agreement then. Doctor Soto, send me the decree for my signature.' ... the Ministers jumped: 'No, we are in campaign, the elections are coming...' And they asked the President not to sign it ... The President said: 'well, I will go over this and think about it.' He never signed." Governability concerns thus curtailed the expansion of professionalization. Notably, however, Lugo was *able* to advance professionalization despite a highly adverse governability context.<sup>102</sup>

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<sup>101</sup> This argument assumes that political actors expected the enforcement of these measures.

<sup>102</sup> To substantiate this claim, note that Lugo's impeachment did not stem from professionalization. Instead, it resulted from Lugo's handling of a violent clash between the police and landless peasants. In response to the clash, Lugo replaced his Interior Minister with a Colorado official. This "set off shock waves in both the government and opposition," and united Colorados and Liberals in their opposition to Lugo

Confirmatory evidence for an important assumption of the patronage control theory is thus provided: incumbents tend to be *able* to professionalize at least part of the state when facing *incentives* to do so.

In conclusion, supply side factors do not account for cross-case variation in bureaucratic professionalization: they fail to explain why Lugo – yet not Fernandez – faced *incentives* to professionalize. They do, however, shed additional light on within-case outcomes and, in particular, the incremental – rather than state-wide – professionalization in Paraguay. Technical capacity challenges and, in particular, governability concerns constrained Lugo’s *ability* to expand professionalization. Moreover, other supply side factors – in particular a brief political time horizon and poorly educated party members – curtailed Lugo’s *incentives* to professionalize. Limited patronage control notwithstanding, professionalization thus expanded to only a minority of vacancies and institutions. As a corollary, government-wide professionalization measures were bound to fail. In contrast, supply-side factors left Fernandez’ *ability* to professionalize largely intact. Moreover, a long political time horizon and a well-educated party constituency added to Fernandez’ reform *incentives* relative to Lugo. As detailed in chapter 5, these professionalization *incentives* were overwhelmed by reform *disincentives* emanating from the Presidential patronage control monopoly, however. Fernandez thus chose to resist reform rather than utilize his *ability* to push for professionalization.

### **The Inefficacy of Rival Explanations: Implications for the Politics of Bureaucratic Professionalization**

As detailed above, rival explanations on the supply and demand side do not explain variation in professionalization between Paraguay and the DR. To the contrary, they provide further evidence in support of the explanatory power of the patronage control

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(Marsteintredet et al., 2013, p. 113). The presumptive Colorado presidential candidate resented a perceived interference in the Colorado primaries, while the Liberals resented the appointment of a Colorado in what they perceived to be a preparatory move for the 2013 elections (Pérez-Liñán, 2014). The lack of Lugo’s political survival was thus the result of not bureaucratic professionalization, but a miscalculation in regards to the political repercussions of the appointment of a Colorado Minister.

theory. Professionalization advanced in Paraguay even though a panoply of supply and demand variables reduced Lugo's ability and incentives to professionalize. Governability concerns, brief time horizons, a relatively less educated party constituency, presidential nepotism, technical capacity limitations, societal demand for patronage and a lack of collective mobilization for reform all militated against professionalization. Deprived of patronage control, Lugo nonetheless advanced professionalization. The DR case is juxtaposed. A variety of supply and demand factors enhanced Fernandez' ability and incentives to professionalize. Limited governability constraints, a long political time horizon, a more educated party constituency, a disciplined party organization and a societal coalition for reform all favoured professionalization. Monopolizing patronage control, Fernandez nonetheless resisted professionalization. The case comparison thus represents a particularly robust test of the validity and causal power of the patronage control theory.

The finding that rival explanations are unable to account for cross-case variation in professionalization does, of course, not necessarily imply that they lack explanatory power elsewhere. After all, previous scholars had pointed to their explanatory relevance in other contexts. The inability of rival hypotheses to explain variation in reform in the two cases studied does, however, offer more general insights into the strength and limitations of their causal effects. Generalizing from the cases suggests, in particular, that existing hypotheses either operate under relatively restrictive scope conditions (demand side) or command greater explanatory power for the *ability* rather than *incentives* of incumbents to professionalize (supply side) – even though *incentives* rather than *ability* turn out to be the principal *explanandum* of interest.

On the demand side, confirmatory evidence is provided for the assertion of several prior works that collective action by bureaucrats, donors, businesses and civil society organizations tends to hold limited explanatory power for professionalization (see, among others, Grindle, 2012). Why that is the case may be clearly derived from the case comparison. Patronage states militate, by their very nature, against both the

incentives and the ability of collective actors to push for professionalization. As a result, the scope conditions of collective action explanations become highly restrictive for all four aforementioned collective actors.

For bureaucrats, the case comparison points to at least three such conditions. Public employees must be able to organize collectively; unable to achieve their objectives through patronage access and generalized benefits (such as across-the-board salary increases); and able – thanks to sufficient professional competencies – to compete successfully in examinations. In patronage bureaucracies which do not prioritize professional competencies, bureaucrats will thus lack incentives to demand professionalization. Where, as in Paraguay, the latter two scope conditions are not met, we may instead expect bureaucrats to resist professionalization. The fact that “few scholars have treated the bureaucracy as a serious political force in its own right” may thus come unsurprising in regards to the professionalization of patronage bureaucracies (Zelizer, 2003, p. 61). A modicum of prior professionalization is likely to be necessary, yet insufficient for bureaucrats to demand (more) professionalization. In other words, patronage bureaucracies must become no longer predominantly patronage-based for bureaucrats to demand the end of patronage.

For donors, the case comparison suggests equally restrictive scope conditions. In addition to providing technical capacity, donors must count on sufficient financial or political leverage to impose professionalization through conditionalities – a tall order for a reform which shifts the basis of electoral mobilization. Even where, as in the DR, such donor leverage could be occasionally present, donors must collectively focus conditionalities on professionalization in practice rather than the formal mimicry of international best practices. As donor support for the adoption of legal and constitutional reforms in the DR suggests, however, donors frequently face incentives to disburse against easier-to-measure and easier-to-obtain formal institutional reforms. The “often quite marginal” role of donors despite the prevalence of their financial support may thus be expected (Andrews, 2013, p. 209).

The scope conditions for collective societal and business action to incentivize professionalization are no less demanding. Both broad mobilization capacity and autonomy to press for professionalization without jeopardizing access to state goods are required – yet tend to be absent in patronage states. Where discretion in the interaction with the state is, as in patronage bureaucracies, the rule of the game, the Paraguayan and DR cases suggest that businesses, civil society organizations and the media frequently depend and subsist on personal relations with the government. Collective demands for reform which could jeopardize these personal relations are thus discouraged. Even where, as in the DR, selective incentives – including the prospect of donor funding and media exposure – encourage societal mobilization, collective action beyond a small group of NGOs and business associations which respond to these selective incentives will not be forthcoming. Yet, without broader societal mobilization, incumbents lack incentives to supply more than formalistic reforms in contexts of voter demands for patronage.

In conclusion, professionalization due to collective actors will remain a rare occurrence: the scope conditions for collective action in patronage states are highly restrictive. Similarly and as mentioned, most supply-side variables were found to have no impact on cross-case variation in professionalization. With the exception of the Lugo Presidency, patronage had historically reigned in Paraguay and the DR in one-party, two-party and three-party systems; in open and closed-list systems; under disciplined and fragmented governing parties; under large and small governing parties; with educated and less educated party constituencies; with and without governability challenges; and in contexts of fast growing and stagnating bureaucracies. In other words, where incumbents and their allies controlled patronage and voters demanded patronage, incumbents saw it in their interest to rely on patronage irrespective of the remnant political-institutional factors. It thus appears that the supply-side variables put forward in the literature may only marginally tilt incumbent *incentives* towards professionalization, if at all.

This is not to say that these variables do not affect incumbent *ability* to reform, however. Governability concerns, for instance, were found to greatly curtail it in Paraguay. This puts a premium on delineating clearly in future scholarly works whether an explanatory variable sheds light on incumbent *incentives* or *ability* to professionalize – a neglected differentiation in most prior studies. Consistent with a key assumption of the patronage control theory – yet contrary to a key assumption of several other works (see, for instance, Kenny, 2013) – the Paraguayan case also suggests that incumbent *incentives* rather than *ability* represent the *explanandum* of principal interest for future scholarly works. Lugo was able to professionalize part of the state despite facing one of the, arguably, most adverse governability and technical capacity shortfall contexts conceivable. When facing *incentives* to professionalize, incumbents thus tend to be *able* to do so – even if only incrementally.

In conclusion, rather than shedding doubt on the strength of the causal effect of the patronage control theory, the discussion of rival explanations in this chapter strengthened confidence in the theory. Part 2 of this dissertation thus concludes: strong confirmatory evidence for the validity and explanatory power of the patronage control theory for bureaucratic professionalization in Paraguay and the DR is found. In the final part of the dissertation, I will move on to offering empirical evidence for the generalizability of the theory.

## Part Three.

Generalizability of the Theory  
and Generalizations about  
Patronage, Institutions and Good  
Government

## Moving Beyond Meritocracy

# Patronage Control and the Introduction of Tenure Protections in the DR

In part three of this dissertation, I, first, provide evidence for the generalizability of the theory and, second, derive generalizations about the study of patronage, institutions and good government. I undertake the first task in two steps. In this chapter, I move beyond bureaucratic professionalization – which I had equated with the introduction of meritocratic personnel selections – to show that the patronage control theory holds explanatory power for a related, but distinct Weberian characteristic: bureaucratic job stability. I do so by examining the case of recent tenure reforms in the DR. In chapter 8, I provide suggestive evidence for the external validity of the patronage control theory in countries beyond Paraguay and the DR. The dissertation concludes in chapter 9 with implications of the findings for the study of patronage reform, institutions and good government.

Extending the explanatory power of the patronage control theory to the politics of tenure reform may, at first sight, appear inconsistent. After all, chapter 2 had shown that the political incentives underlying merit and tenure reforms differ. And, in chapters 4 to 6, I had found that the patronage control theory accounts for merit reforms – or their absence – in Paraguay and the DR. Explaining the introduction of tenure reforms with the same theory would thus contradict the finding that merit and tenure reforms feature distinct determinants.

This contradiction is, of course, not sought. In fact, the patronage control theory is unable to account for the introduction of tenure reforms: there is nothing in it which hints at incumbent incentives to *introduce* tenure. A more modest ambition may, however, be pursued: to extend the theory to incumbent incentives to

*resist* tenure reforms. As I shall posit, incumbents resist granting tenure to their own appointees as tenure jeopardizes incumbent patronage control and electoral mobilization capacity: it disincentivizes bureaucratic performance and electoral campaign support while facilitating collective action for higher pay. The patronage control theory may thus be extended to account for the lack of tenure protections in patronage bureaucracies – yet, contrary to merit reforms, not for their introduction.

If empirically validated, this extension would add confidence in an important underlying assumption of the patronage control theory: tenure protections decrease the electoral utility incumbents derive from patronage bureaucracies. Moreover, the extension would constitute an important contribution to scholarly works on tenure reforms. As I shall detail, prior studies of the determinants of tenure in patronage states have posited several scope conditions under which incumbents face incentives to introduce tenure. These conditions are frequently met. Yet, many patronage bureaucracies lack tenure protections. By accounting for incumbent incentives to *resist* tenure, the extension of the patronage control theory may resolve this conundrum. In short, extending the patronage control theory to tenure protections in this chapter pursues a two-fold objective: to enhance confidence in the theory while shedding light on the understudied puzzle of variation in tenure protections across patronage states.

For the empirical test of the extension, I rely on a case study of tenure reforms under Fernández in the DR – rather than a case comparison with Paraguay as in part 2. The rationale is simple: tenure protections in Paraguay far preceded the Lugo administration (see chapter 5); field research based on stakeholder interviews would have thus been largely thwarted. At the same time, the DR is a particularly insightful case to study: tenure was most likely according to rival explanations, yet advanced only minimally. Fernández’ PLD faced, in 2012, uncertainty about re-election. In this context, donors and civil society demanded the extension of tenure – even if those tenured were overwhelmingly appointees of the incumbent. Tenure thus offered the promise of placating civil society and donor demand while securing longer-term state

employment for PLD appointees; continued control over (parts of) the state; and a tightened patronage budget constraint for a potentially hostile future incumbent. Nonetheless, tenure reforms did not advance substantively. Tenure-protected positions were extended to only a small minority of public servants and their unionization was resisted; sticky tenure protections would have required both *de jure* and *de facto* protections.

The extension of the patronage control theory may account for this puzzle. The electoral advantages of maintaining patronage powers over dismissals – and, concomitantly, incentives for electoral campaign support, administrative performance and lack of collective action on the part of appointees – more than outweighed the pro-reform incentives prior theories had emphasized. To retain these electoral advantages, Fernández largely denied his followers in the bureaucracy the gift of long-term job stability.

### **Presidential Patronage Control and the Puzzle of Tenure Resistance**

As evidenced in chapter 2, the political incentives for tenure<sup>103</sup> and merit differ. At the same time, studies explicitly devoted to studying the emergence of tenure protections – be they *de jure* or *de facto* through public sector unionization – remain in scarce supply (cf. Moe, 2006). What the literature review in chapter 2 does permit, however, is the singling out of at least three sets of hypotheses with explanatory power for tenure reforms.

Most prominently, electoral uncertainty may incentivize tenure protections. Several causal mechanisms have been put forward (see, among others, Grzymala-Busse, 2007; Ruhil & Camões, 2003; Van Riper, 1958). Anticipating a potential exit from office, incumbents may introduce tenure to secure long-run employment for their appointees – and thus increase the net present value of their

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<sup>103</sup> Note that I conceptualize tenure protections as rigid job stability except for cases of grave misconduct. As detailed in chapter 3, tenure protections lacking such rigidity tend not to shield public employees from dismissals in weak rule-of-law contexts.

patronage appointments. As Geddes (1991, p. 387) argues, for instance, “extending ... job guarantees to larger numbers of employees ... posed no problem ... since they bring electoral benefits from grateful employees.” Tenure also enhances the likelihood that bureaucrats sympathetic to incumbents remain in office. The durability of the incumbent’s political agenda and control of state institutions is thus enhanced (Horn, 1995). Lastly, tenure also offers incumbents the opportunity to curtail patronage of potentially hostile successors: they may no longer replace the incumbent’s appointees with clients of their own (Ting et al., 2013).

Second, bureaucrats are hypothesized to collectively demand tenure protections (R. Johnson & Libecap, 1994; Pappas & Assimakopoulou, 2012); patronage bureaucracies without tenure protections diminish the likelihood of long-run public sector employment. Analogous to merit reforms, tenure is, lastly, posited to be motivated by enhanced public goods provision. Lifelong careers protected from arbitrary dismissals permit long-term bureaucratic time horizons and socialization. As such, they may facilitate the preservation of institutional memory, the emergence of an ‘esprit de corps’ around impartial, committed and non-corrupt behaviour, and enhanced bureaucratic incentives to invest in competence (Gailmard & Patty, 2007; Mueller, 2009; Rauch & Evans, 2000).

Despite the presence of multiple hypotheses accounting for tenure reforms, however, tenure remains “a somewhat puzzling institution.” (Gailmard & Patty, 2007, p. 875) In patronage bureaucracies, the scope condition of the public goods hypothesis is unlikely to be met. As detailed in chapter 2, tenure protections for appointees not qualified for their positions are unlikely to add to public goods provision. At the same time, the scope conditions of the electoral uncertainty and bureaucratic demand hypotheses are met recurrently. In competitive electoral contexts, incumbents face potential or certain exits from office constantly. Bureaucrats in turn should find it consistently in their interest to seek to stabilize their positions through protections from dismissals.

Almost all competitive democracies with patronage bureaucracies should thus have introduced tenure protections. Yet, patronage bureaucracies are split in regards to the presence of tenure protections in contexts of electoral uncertainty. According to survey data, 22 of 41 patronage states with electoral uncertainty<sup>104</sup> count on tenure protections; 19 of these countries lack such protections (Teorell, Dahlström, & Dahlberg, 2011).<sup>105</sup> In other words, in roughly half of all patronage bureaucracies in competitive electoral environments, incumbents have not introduced tenure protections for appointees. The conundrum is thus clear. Why would incumbents resist an institution ostensibly benefiting their own followers and themselves while harming potentially hostile successors?

As I shall argue, an extension of the patronage control theory to the case of tenure reforms may resolve this conundrum. Recall from chapter 3 that tenure protections shift part of the private goods benefits of a patronage bureaucracy to public employees. This loss of incumbent patronage powers holds not only for hostile successors – who may no longer replace incumbent appointees with clients of their own – but also for incumbents themselves. Losing patronage control over dismissals may reduce the incumbent’s ability to mobilize electoral support – even if the beneficiaries are incumbent clients.

Three complementary causal mechanisms may account for this outcome. First, with tenure, incumbent appointees are no longer required to provide electoral campaign support to retain their positions. Ironically, providing tenure as an additional benefit to patronage appointees may thus reduce their reciprocal electoral support – in contexts where incumbents lack other inducements and appointees affective ties of loyalty to incumbents. Prior studies provide empirical support for this assertion.

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<sup>104</sup> I proxy electoral uncertainty by a score of 7 out of 7 in the Executive Index of Electoral Competitiveness in the Database of Political Institutions (DPI) (T. Beck, Clarke, Groff, Keefer, & Walsh, 2001).

<sup>105</sup> I count as patronage states those in which political criteria trump merit criteria in the selection of public personnel according to the QoG Survey; I count as countries with tenure protections those for which average country expert responses exceed the mean of the scale for the QoG Survey question “Once one is recruited as a public sector employee, one stays a public sector employee for the rest of one’s career?” (see chapter 8 for a justification of this operationalization of tenure protections)

Oliveros (2013), for instance, finds that public employees with tenure protections provide fewer political services (see also Robinson & Verdier, 2013; Wolfinger & Rosenstone, 1980). Second, absent the threat of dismissals, appointees may face fewer imminent incentives to perform their official duties in the bureaucracy – irrespective of whether these aim at public or private goods provision. Third, tenure facilitates unionization and collective action of appointees (R. Johnson & Libecap, 1994). Without tenure protections, the threat of dismissal would preclude collective action antagonistic to incumbent interests. In contrast, with tenure, bureaucrats may organize collectively to press for generalized salary increases detached from electoral support to the incumbent (see chapter 3). As a result, tenure may curtail the incumbent's patronage powers over not only dismissals but also pay.

In sum, tenure protections deprive incumbents of patronage powers which are crucial to mobilize electoral support. Juxtaposing this extension of the patronage control theory to prior theories suggests that incumbents face a trade-off when introducing tenure reforms. Tenure enables incumbents to deprive future incumbents of patronage control, increases the net present value of their patronage appointments and enhances the durability of the incumbent's political agenda and control of state institutions – provided tenured appointees remain loyal to the incumbent.<sup>106</sup> At the same time, tenure jeopardizes electoral campaign support and bureaucratic cooperation from tenured appointees and facilitates collective action for pay rises. Without patronage control over dismissals, the incumbent's ability to provide private and public goods to mobilize electoral support is thus at risk.

To test whether these patronage control incentives to *resist* reform outweigh incumbent incentives to *introduce* tenure in contexts of electoral uncertainty, I examine the case of tenure reforms under Fernández in the DR. The rationale for the case selection is straightforward. The DR under Fernández should have – if prior theories held true – represented a most likely case for tenure reforms. The case thus

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<sup>106</sup> Note that this discussion assumes that tenure protections are 'sticky:' incumbents and their successors may not revert them.

serves as a particularly robust single-case test of the extension of the patronage control theory.

### **The Extension of Tenure Protections in the Dominican Bureaucracy**

In the weak rule of law contexts characteristic of patronage bureaucracies, credible tenure protections tend to require both *de jure* and *de facto* protections. Legal protections alone are unlikely to suffice. Without legal enforcement, they may be violated at the incumbent's behest.<sup>107</sup> For tenure protections to stick, public employees thus require sufficient collective action capacity to defend job stability protections from encroachment by incumbents. In other words, both legal tenure protections and unionization – or what I call *de facto* protections – tend to be necessary conditions for the longevity of tenure in patronage bureaucracies in contexts of electoral uncertainty.

Fernández' differential compliance with tenure protections of doctors and administrative personnel in 2004 is illustrative. In both sectors, the tenure of personnel was legally protected. Yet, only for doctors were tenure protections – thanks to unionization – sticky: “especially at the beginning of governments, hundreds of doctors are – just like administrative career employees – dismissed ... with the Medical College [the doctor’s union] needing to undertake road blocks and strikes for them to be reinstated.” (Participación Ciudadana, 2007, p. 25) Not collectively organized, tenured administrative career personnel could, in contrast, not challenge dismissals. More than 20 percent were made redundant after Fernández came to power in 2004; only a fraction received due compensation (Participación Ciudadana, 2007).

With this in mind, this section seeks to gauge the extent to which both *de jure* and *de facto* tenure protections were extended to administrative personnel under Fernández in the DR. As shall be argued, legal changes boded – as with bureaucratic professionalization – well for bureaucratic stability. Rigid tenure protections for

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<sup>107</sup> This generalization, of course, features an important exception. Where actors other than incumbent allies are in control of judicial enforcement and face incentives to protect tenure, *de jure* tenure protections may suffice as safeguards for the ‘stickiness’ of tenure in weak rule of law contexts.

administrative career personnel were introduced in law and constitution. Yet, only a small minority of public servants was incorporated into the career. The coverage of *de jure* protections was thus limited. At the same time, *de facto* tenure protections were not extended. While associations of public servants were formally created, they did not develop collective action capacity. As both *de jure* and *de facto* protections would have been needed for tenure to stick, tenure reforms in the DR did not enhance bureaucratic job stability in case of incumbent turnover in practice.

As detailed in chapter 4, the DR saw the approval of a new public service law in 2008 and a new constitution 2010. In conjunction, they provided strong *de jure* tenure protections for career<sup>108</sup> employees. The 2008 law prohibited unjustified dismissals of career employees, granted dismissed personnel the opportunity for written appeal, established deadlines for severance payments to dismissed non-career personnel and mandated that all eligible public employees be evaluated for career incorporation until 2016 (Congreso Nacional de la República Dominicana, 2008). The 2010 Constitution in turn declared the dismissal of career employees in violation of the public service law an act against the Constitution (Congreso Nacional de la República Dominicana, 2010). Career employees dismissed illegally could thus hold authorities personally responsible for dismissals and claim damages from their personal patrimony (Interview, MAP Advisor). Concomitantly, the President was no longer constitutionally empowered to dismiss public servants at will. This “battery of measures ... aims at reverting the historic tendency of mass dismissals with changes in government.” (Iacoviello, 2009, p. 44)

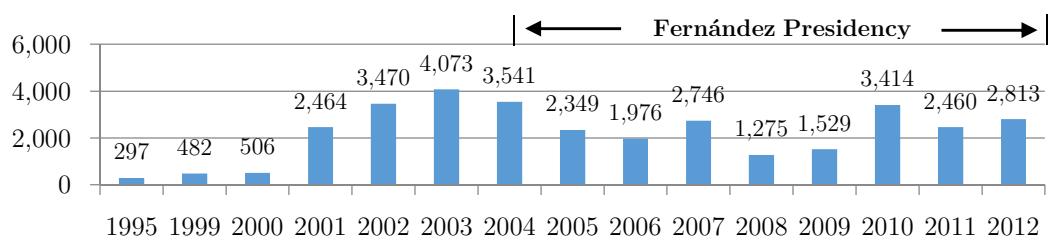
Yet, the introduction of strong *de jure* protections from dismissals for career employees was not succeeded by a large-scale incorporation of public servants into the career. As illustrated in figure 7.1, Fernández incorporated roughly 2,300 public servants into the administrative career annually (2005-2012), with incorporations oscillating between 1,275 and 3,414. By the end of his third term, administrative career

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<sup>108</sup> Note that I use the terms career personnel and tenured personnel interchangeably in this chapter. As noted in chapter 4, incorporation into the “career” implied but tenure protections: career paths remained undefined.

incorporations reached a gross total of 33,395 public servants – including 11,292 public servants incorporated prior to 2004. These gross incorporations overestimated the number of career personnel in office: they did not account for career personnel leaving the public sector. According to limited available data, such departures were significant. Between August 2004 and May 2007, for instance, 4,259 career employees were dismissed and sought subsequent judicial appeal (Participación Ciudadana, 2007). Even when disregarding such departures, the administrative career only extended to a minority of personnel: less than 7 percent of total public employment when Fernández left office (Contraloría General de la República, 2013).<sup>109</sup>

**Figure 7.1 Number of Administrative Career Incorporations**



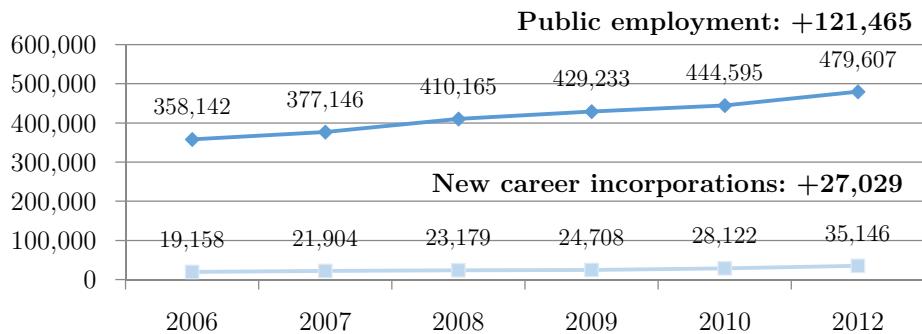
Source: author's own elaboration, based on data from MAP (2013d)

In part as a result, the number of public employees *not* incorporated into a tenure-protected career increased during the Fernández Presidency. Public employment growth outpaced tenure expansion – even when considering tenure for teaching and special careers rather than only administrative careers. As illustrated in figure 7.2, the number of public personnel grew by over 120,000 between 2006 and 2012

<sup>109</sup> This figure excludes tenure for non-administrative careers. Special careers for diplomats, prosecutors and tax officials saw the incorporation of an additional 1,751 public servants. Moreover, at the end of Fernández' third term, 24,154 of the roughly 77,000 teachers had been incorporated into a special teaching career (Ministerio de Administración Pública, 2013; Ministerio de Educación, 2014a). As teachers already enjoyed tenure protections, however, their incorporation was but a “bureaucratic formality.” (Interview NGO Analyst) It did not add to tenure protections in the Dominican state. Moreover, the 2008 public service law only determines as eligible for career incorporation roughly 175,000 to 200,000 of the DR's 480,000 public employees, including teachers and other special careers (Contraloría General de la República, 2013; Montero, 2010a; Ventura Camejo, 2010); political appointees and low-level service employees are declared ineligible. Even against this metric, only a minority of administrative employees saw career incorporation: less than one third when special careers are excluded.

– while only roughly 27,000 public servants were incorporated into careers over the same period. As a corollary, career incorporation also fell short of the pace required to ensure compliance with the 2008 public service law. According to the law, the contracts of eligible employees not incorporated into the career within eight years were to be cancelled. Against this backdrop, Fernández had pledged to tenure at least 50 percent of eligible public servants by 2012 – that is within four years (Schrank, 2010). Yet, instead, only a minority of eligible personnel – and a small fraction of all public personnel – was tenured.

**Figure 7.2 Public Employment Growth vs. Career Incorporations**



Source: author's own elaboration, based on data from MAP (2013d) and Contraloría General de la República (2013)

Limited expansion of *de jure* protections was accompanied by a lack of organization for collective action – and thus *de facto* protections – on the part of public employees. On paper, public employees did organize in the DR under Fernández. Encouraged by the MAP's labour relations department, 44 Associations of Public Servants were founded between 2005 and 2012; their total number thus reached 49 (De La Cruz Hernández, 2005; Interview, MAP Director).

These associations assumed the formal roles formally signed to them by the 2008 public service law, such as the representation of public servants in reconciliation bodies. Associations did not, however, develop into unions with collective action capacity. As a Director in the Ministry of Education (Interview) put it, “In reality, the impact of [associations of public servants] in regards to actions or internal

activities has not been very relevant ...they meet, participate with us in some events ... and provide us with information about situations they observe.” Against this backdrop, a Director in the Presidency (Interview) concludes: “What have they done? ... The President [Medina], when he took office, for example, said: ‘all public sector salaries are frozen.’ Have you heard that any associations has said anything about that? ... If they were effective associations, the first thing they would have said to the President when he did the austerity decree is ... why will you sacrifice us by not granting us a salary increase in the next two years ... [Yet,] it passed without any type of complaint.”

Without unionization, however, even the job stability of personnel incorporated into the tenured career was in doubt. While the lack of turnover in the governing party since the 2008-2010 legal and constitutional reforms implicated that bureaucratic tenure “has not yet been put to the test” (Interview, Director Presidency), interview respondents were unison in doubting its longevity should the governing party alternate: “if there had been change and alternation [of the governing party] in 2008 and now in 2012, I am sure the career [personnel] would have left as well.” (Interview, Director Economy) The rationale is simple. As detailed in chapter 5, Presidential patronage powers extend to the judiciary and audit institutions in the DR. As such, hostile future incumbents could, in practice, violate *de jure* tenure protections if they chose to do so. As a result, as a former legislator (Interview) put it, “here it does not matter if you are in the career or not to dismiss you ... because where will you turn to afterwards? ... This constitutional protection has no value.” With this in mind, even a former MAP Vice-Minister (Interview) noted that “you have to resolve the question of the judiciary for the guarantees which administrative career employees hold to materialize in court.” A local NGO analyst (Interview) then concludes: “even if somebody is incorporated in the career, if they want to dismiss him, they will do it. Even if they have to violate the law ... the fact that a law prohibits it does not mean it will not be done.”

One caveat to this generalization is due. *De jure* tenure protections did add to bureaucratic job stability so long as the PLD remained in power. As I shall detail

below, tenure was extended as a form of patronage to appointees. Selective tenure reversals by the PLD would have curtailed the value of this patronage concession: it would have curtailed all employees' expectations about their job stability. Not less important, it would have undermined the credibility of the PLD's patronage promises. Somewhat ironically then, the concurrent introduction of *de jure* – yet not *de facto* – tenure protections constrained only (to an extent) the PLD's dismissals powers – yet not those of a hostile successor. Unsurprisingly then, tenure was protected in the 2012 Presidential turnover from Fernández to Medina (both PLD). While several dozen career employees saw unjustified dismissals, the MAP Minister responded by publicly encouraging dismissed employees to appeal in (PLD-dominated) courts. Institutions responded by reinstating all illegally dismissed career employees (Collado, 2013).

In conclusion, strong *de jure* – yet not *de facto* – tenure protections were extended to a small minority of public servants. Legal and constitutional reforms notwithstanding, public servants thus remained in doubt about the longevity of their tenure, in particular in case of a government turnover. Concomitantly, Fernández largely remained in control of patronage powers over dismissals. In the next section, I will juxtapose this outcome to the predictions of prior theories. As I shall show, these suggest that strong tenure protections in practice – rather than continued Presidential dismissal powers – should have been expected under Fernández.

### **The DR as a Most Likely Case of Tenure Reforms**

As noted in chapter 5, Fernández' third term in office ended in 2012. A constitutional prohibition precluded him from seeking re-election. Instead, the PLD fielded Danilo Medina who had, until 2006, served as Fernández' Minister of the Presidency. In the election, Fernández' wife ran as Vice-President. The 2012 election was closely contested. Medina won with 51 percent of the vote; the PRD's candidate came in second with 47 percent. In the run-up to the election, several polls had predicted a PRD victory

(Meilán, 2014).<sup>110</sup> The key scope condition of scholarly hypotheses linking electoral competition with tenure reforms – the anticipation of a potential exit from office – was thus met.

From the viewpoint of prior theories, tenure protections should have thus seen expansion in the DR. And, indeed, as I show in this section, each of the causal mechanisms posited by these hypotheses was activated in the Dominican case. Moreover, a civil society-business-donor coalition demanded not only bureaucratic professionalization (see chapter 6), but also bureaucratic stability in the DR. Consequently and somewhat ironically, tenuring PLD affiliates in the bureaucracy provided public opinion benefits to Fernández. According to the theoretical predictions of prior works, the DR thus represented a most likely case for tenure reforms – yet, as aforementioned, reforms occurred in practice hardly at all.

#### *Tenure at all Cost: Civil Society, Business and Donor Reform Demand*

The DR’s broad civil society-business-donor coalition for civil service reform sought not only bureaucratic professionalization, but also bureaucratic stability. To illustrate, the Participatory Anti-Corruption Initiative (IPAC) contained quantitative targets on the number of public servants incorporated into the administrative career. Moreover, EU and IDB projects co-funded, among others, career incorporations and the formation of associations of public servants (De La Cruz Hernández, 2011; Oviedo, 2005). Societal demand thereby narrowed in on the quantity of public servants tenured – not their professional quality. As a donor official (Interview) noted, “we need to incorporate rapidly so that people see results.” An NGO analyst (Interview) adds: “the form in which the work of the Ministry [of Public Administration]

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<sup>110</sup> The close election outcome could appear to contradict the assertion made in chapter 5 that monopolized patronage control greatly advantaged the incumbent in electoral contests in the DR. Note, though, that, first, it was not Fernández who ran; and, second, the PLD won despite well-publicized corruption scandals, failures in key public services and mounting macroeconomic instability, with DR’s debt to GDP ratio rising by over one-third between 2008 and 2012 (World Bank, 2013b, 2014a). In other words, PLD patronage control provided sufficient electoral advantage to secure victory even in an otherwise adverse electoral context.

has been measured ... is quantitative ... ‘How many did they incorporate this year? How many will they incorporate?’ ... So when it comes to incorporating, let us incorporate. Let us incorporate everybody we can.”

The rationale for this indiscriminate support for bureaucratic job stability was three-fold. First, tenure was sought as a means to curtail incumbent patronage budgets. As a result – and in congruence with the patronage control theory – tenure was thought to complicate electoral competition based on patronage. As an NGO analyst (Interview) notes, “in countries like ours in which public employment forms part of the clientelist offers, it is important to reduce the extent to which the state and the civil service continue to represent a booty which is distributed in electoral processes.” Second, tenure was demanded as a means to improve the quality of bureaucracy. This was, of course, also MAP’s propagated objective: “Weber was right. You need the historical memory of a permanent body [of public servants] in the state which guarantees the continuity of public policies.” (Interview, MAP Minister) Without tenure, “an important portion of the accumulated experience is lost every time [there is turnover in power]; in addition, the total universe of the bureaucracy lives with a permanent threat to its stability and this reduces considerably its work potential.” (Moreta Arias, 2007, p. ix) And, third, civil society and donors shied away from criticizing a component of civil service reform – a reform which had been a long-standing demand. As an NGO analyst (Interview) explains, “This topic was completely abandoned ... [It was] not even on the agenda. For a civil society which had cried out [about it] ... and the government ignored it ... to suddenly see that there is a will to incorporate public servants into the administrative career; that it is declared a national priority. It was like: ‘now we cannot criticize a process which we have sought for years’.”

For Fernández, societal demand for tenure protections implied – as in the case of bureaucratic professionalization – that public opinion benefits could be reaped from reform. As a Controller General under Fernández (Interview) put it, “a head of the institution is interested that every year the public opinion says: ‘ah, but

this official strengthened the institution, because look how many new employees he incorporated into the career.’”

The societal focus on the quantity of personnel incorporated implicated that Fernández was – from a demand-side perspective – unconstrained in deciding *which* public employees to incorporate: “they had a free hand in implementing something which supposedly was good and which civil society supposedly demanded ... they had a blank check without any opposition.” (Interview Academic) With Fernández thus able to prioritize tenure for PLD affiliates, the causal mechanisms linking electoral uncertainty with tenure reforms could – as I shall detail next – be activated.

#### *Giftiing Tenure, Securing State Control, Depriving Successors: Supply-Side Reform Incentives*

As noted above, three causal mechanisms have been posited to link electoral uncertainty with tenure reforms. Incumbents introduce tenure protections to secure long-term employment for their appointees; enhance their long-term control of the state; and tighten the patronage budget constraint of potentially hostile successors. All three of these causal mechanisms were at play in the DR.

In regards to the first two mechanisms, note that they presuppose that tenure protections are granted selectively to loyal party affiliates. The DR’s career incorporation process very much reflected this focus. Career incorporations narrowed in on select PLD affiliates with the requisite minimum formal qualifications for their positions – rather than the most qualified personnel. Several pieces of evidence substantiate this assessment. First, career coverage extended down to the mass of administrative support staff – despite the frequent lack of career potential in this group. As the Director of Fernández’ National Council for State Reform (Interview) put it bluntly “that you have a third-tier assistant in the career makes no sense ... Because what does this assistant contribute to the state functioning with better quality? Nothing.”

Second, career incorporations were based overwhelmingly (96 percent) on evaluations of existing staff rather than competitive examinations (4 percent) – even though evaluations had only been contemplated as a transitory means of career incorporations in the 2008 public service law (MAP, 2013d). As a result, the process “obviated publicity, obviated the opportunity for all Dominicans to accede ... it is limited just to your people but gives them stability.” (Interview ONAP Director)

Third, evaluations of staff were, in practice, only conditioned on the occupation of a career position and compliance with the minimum educational requirements. Formally, five factors were considered in evaluations: educational qualification, professional experience, a technical test, the performance evaluation and occupation of a career position. Yet, virtually all employees who met minimum educational requirements, lacked disciplinary charges and occupied career positions were incorporated. To illustrate, career incorporations extended, at times, to personnel with less than two years of experience and could proceed despite a score of zero in the technical test – provided other factors scored sufficiently high (Collado, 2012; Interview, MAP Advisor).

This is not to say that the evaluation was a mere formality, however. MAP-approved organizational charts – which restricted the number and type of career positions in otherwise overstaffed directorates – and minimum formal education requirements did constrain tenure expansion. According to some estimates, less than 20 percent of public servants held university degrees, for instance (Morgan et al., 2011). At the same time, however, these requirements provided some protection to career personnel should a hostile future President seek to revert tenure: they would allow personnel to argue more plausibly for a legal career incorporation process. What these requirements did not safeguard was the incorporation of effectively qualified personnel, however. To illustrate, an Advisor in the Ministry of the Economy (Interview) found that “those in the career ... have the least capacity ... Many cannot even write a paragraph,” a Controller General under Fernández (Interview) recounted that “in the career there was a group of employees that did not even attend work;” and a MAP

Director (Interview) concludes: “many people are included who really should not be career public servants.”

Fourth, authorities could determine which public servants would be evaluated for career incorporation. While the MAP sought to evaluate all eligible personnel to preclude undue interference, authorities were apt at circumventing this safeguard. To cite just one example: they could oblige personnel – with the threat of dismissal – to renounce from evaluation for career incorporation (Interview, Economy Advisor). As a result, “there are good people who cannot enter the career.” (Interview, Economy Director)

Able to select whom to incorporate, Fernández could narrow in on incorporating loyal PLD affiliates. Unsurprisingly, most public servants incorporated into the career under Fernández had been recruited by the Fernández administration since 2004. The corresponding percentage reached 86 percent in 2012, for instance (Collado, 2012; Ministerio de Administración Pública, 2013).

The first theorized causal mechanism was thus activated: tenure was extended to secure long-term employment for incumbent appointees. As a Controller General (Interview) under Fernández put it, “in the Dominican Republic, the administrative career is a political resource to protect the governing party. What this is to say is that officials involved in the career, to protect their party comrades, place them in the career so that if a change in either the incumbent or the party in power is produced, the dismissal of these career employees is made more difficult.”

In addition, selective incorporation implicated that tenure protections represented an additional form of patronage dispensed by Fernández. As an Advisor in the Ministry of the Economy (Interview) put it, career incorporation “is a concession they give you … a gift from the Minister.” An NGO analyst (Interview) adds: “In our reality, this can be sold … as a gift … I can tell a public servant: ‘look … I will incorporate you into the career … this means that you will have permanence here … and in some time you will have a pension.’ So this public servant, given how the matter is presented

... perceives the career incorporation not like a normal, legal, natural process but as a favour. So this favour I then owe to who made the offer."

As a corollary, the second causal mechanism was activated: the incumbent could secure longer-term control of parts of the state with tenure – even when voted out of office. As an NGO analyst (Interview) put it, "you are generating loyalties of people whom you guarantee this stability which transcends beyond the period in which you will be there ... If you manage to concentrate these loyalties in distinct institutions, it can be a form of controlling the subsequent ones who come ... A Minister would say 'well, if I leave here the director of procurement as well as the directors of human resources and finance. Any new minister may come, but I am the one who is controlling ... the key areas of the institution."

As a corollary, the third causal mechanism was activated: tenure protections would tighten the patronage budget of a potentially hostile future incumbent – that is, in the case of Fernández, a potential 2012-2016 PRD President. In fact, in the 2012 election campaign, the PRD candidate denounced that the administrative career sought to protect PLD affiliates and preclude PRD affiliates from appointment to public sector positions (El Día, 2012).

In conclusion, all three causal mechanisms which prior theories had emphasized – securing long-term employment for incumbent party affiliates; long-term control of the state; and a tighter patronage budget of a potentially hostile successor – were present in the DR case. In conjunction with societal and donor demand, the DR thus represented a most likely case for tenure reforms from the viewpoint of prior theories. While these incentives propelled the initiation of *de jure* tenure reforms and the select career incorporation of PLD affiliates, they, as aforementioned, were insufficient to incentivize Fernández to forsake patronage powers over dismissals in practice. Why the DR's most likely tenure reform occurred hardly at all is accounted for next.

## **Patrons against Clients? Presidential Patronage Control and Resistance to Job Stability for Patronage Appointees**

From a process perspective, the DR's most likely tenure reform occurred hardly at all as it was thwarted by resistance in both the Presidency and in line institutions. As detailed in chapter 5, Fernández deprived the MAP of budget resources. This budget constraint also extended to tenure reforms. As a result, "the MAP lacked sufficient personnel to undertake the evaluation process of [career] candidates ... 'If you have two or three [MAP staff] with which to incorporate 1,000 people, in what time will these three MAP technical staff complete the dossiers of 1,000 people?' (Interview, NGO Analyst) Next to limiting MAP's budget envelope, Fernández did not provide political backing: "If there was a precise directive by the President of the Republic to all the ministers via a decree, things would be different. I will give you an example. The week of his inauguration, the new President Danilo Medina produced a decree in which he put restrictions on ... expenditures for representation, gas, salary compensations. Why? Because he prioritized it. And all ministries are supposedly complying ... So my question is: 'Why does the President of the Republic not produce a similar decree for the administrative career?' ... Because of a political calculation obviously." (Interview, NGO Analyst)

Presidential reform resistance was paralleled by ministerial reform opposition. Institutional authorities rarely provided their personnel directorates with sufficient resources to facilitate the incorporation process. Consequently, these directorates "required that [the MAP] does all the work for them, so there the process loses speed." (Interview, MAP Advisor) In the extreme, lack of capacity implied that incorporation "practically did not advance at all." (Interview, MAP Vice-Minister) At times, authorities simply withheld or delayed approval of reform steps in their ministries: "obviously they put obstacles at some level ... If you put forward an organizational chart for their approval and afterwards they take one year to approve it, there obviously is an inconvenience ... the same when they approve the handbook for the classification of positions." (Interview, MAP Vice-Minister)

Resistance extended not only to career incorporations – and thus *de jure* tenure – but also unionization – and thus *de facto* tenure. As a Director in the Ministry of Health (Interview) recalls, “if it was identified that they were forming a group, the leaders of the union would be dismissed.” A Vice-Minister of Finance (Interview) adds: “there were never efforts to unionize. I would have opposed it … The first one that speaks out, you give him a grave misconduct note and you dismiss him. I do not believe that people would dare.” Unsurprisingly, public servants did not unionize. In fact, there was not even “pressure by public servants to be incorporated into the career.” (Interview, Presidency Director) As an Advisor in the Ministry of the Economy (Interview) explains, “the Minister could have dismissed the people that complain.”

In sum, lack of expansion of *de jure* and *de facto* tenure was caused by resistance from Fernández and his ministerial allies. This resistance in turn may be linked to a preference to retain discretionary patronage powers over dismissals. As the Director of Fernández’ National Council for State Reform (Interview) explains: “a minister prefers to retain the right he supposedly has … to dismiss. And the more career there is, the less he can do it. This dis-incentivizes the minister.” A Director in the Ministry of Agriculture (Interview) adds: “[Tenure] is a straightjacket … When you know that of approximately 8,000 staff, you cannot touch 2,500 [who are in the career]. That of these 8,000 people there are also I don’t know how many pensioned. … you ask: ‘what is left?’ … So there are many people who prefer not to incorporate.”

Consistent with the extension of the patronage control theory, this preference for discretionary power over dismissals may be accounted for by three causal mechanisms. Tenure disincentivized performance and cooperation on the part of bureaucrats; it disincentivized the provision of political services in support of the incumbent’s campaign; and it incentivized unionization and collective action antagonistic to the incumbent’s interest. In conjunction, the expansion of tenure protections thus risked depriving Fernández of electoral mobilization capacity in a highly competitive electoral context. Unsurprisingly, Fernández resisted reform in practice.

The first two causal mechanisms are closely connected: they largely hinge upon the effect of tenure on the loyalty and cooperation of public servants. Discretion over dismissals helped assure such loyalty and cooperation in the DR. To illustrate, one PLD official, “when assuming office, ... assembled his personnel to demand loyalty to, solely, the President of the Republic, the party and himself as a condition for permanence in service.” (Scheker Ortiz, 2005, p. 50) The first causal mechanism at play in the DR built on this. By depriving institutional authorities of this threat of dismissal, tenure impaired bureaucratic cooperation and performance – and thus engendered reform resistance. To illustrate, a Controller General under Fernández (Interview) found that, “in my experience, the career servants sleep in the laurels. They believe that they have a protection from dismissals and don’t care about their professional quality.” A Director in the Ministry of Agriculture (Interview) adds: “the career is security for [the career servants], but a bottleneck as well. Why? Because, in the end, these people will be there, but without performing a task. Physically, they come ... sit in a place and wait for eight hours. After eight hours, they go home. This is not a productive life.”

Lack of performance and cooperation of tenured public servants in turn incentivized reform resistance. Most visibly, the Minister of the Presidency of the newly-elected Medina administration notified the MAP of discontent with the tenure of career personnel which did not fulfil its designated responsibilities (Interview, MAP Director). Subsequently, career incorporations were suspended for two years (El Quisqueyano, 2014).

Concurrently, tenure protections activated the second causal mechanism: reform resistance due to the disincentives tenure provides for political service provision. As with bureaucratic performance in office, threats of dismissal had been instrumental in assuring bureaucratic performance in campaigns – that is in assuring the mobilization of public employees in favour of the incumbent in elections. Ethnographic studies, for instance, point to repeated dismissals of public employees failing to attend campaign events (Gonzalez-Acosta, 2009). As a MAP advisor

(Interview) explains, “the only thing that guarantees that you can mobilize the people around you is that these people know that only with you they can obtain a series of benefits. So the leader knows that if these people ... may receive these benefits without him, they don’t have as many incentives.” Tenure thereby disincentivized electoral mobilization not only from tenured personnel, but also from potential public sector recruits: “Imagine a minister with all of his personnel protected with job stability, and he has political aspirations. ‘What do I offer the other [campaign workers outside the state] as an opportunity?’ And if those outside know that all those inside here are protected and that the minister cannot fire them, they lost the expectation of being able to obtain a job.” (Interview, Economy Advisor)

Incentives to retain patronage powers over dismissals and thus secure electoral mobilization of personnel ran frontally into – and outweighed – incentives to protect party affiliates: “Putting into balance the freedom to decide and the freedom to protect ... the freedom to decide weighs more than the freedom to protect my people ... As his principal focus is on mobilization, [the Minister] is less concerned with stabilizing those he appointed.” (Interview, MAP Advisor) Moreover, “[career employees] can help [the incumbent] out of gratitude, but the gratitude will be lost. The expectation of clientelist political relations is more durable, because ... you depend on me, maybe ... I will help you obtain another job ... For the minister, the one who is not in the career is better as he will always depend on him.” (Interview, Economy Advisor)

Evidence for the third mechanism – reform resistance as tenure incentivizes unionization and collective action antagonistic to the incumbent’s interest – is less overt. As noted, unionization attempts were met with threats of dismissals. Neither unionization nor collective action – or the incumbent’s response to them – could thus be observed. At the same time, incumbent opposition to (patronage) power shifts towards appointees did appear to motivate resistance to unionization. As a Director in the Ministry of Health (Interview) put it, “everything which meant internal strength [by employees] was a threat to authorities.”

In conclusion, the loss of patronage powers associated with tenure protections disincentivized Fernández from expanding tenure. Tenure jeopardized bureaucratic performance, electoral campaign support and discretion over pay if tenured personnel unionized. While case evidence does not permit their precise disentanglement, we may expect the causal weight of the three mechanisms to have differed. The second and, to a lesser extent, third mechanism were of important weight; suggestive evidence points to a more limited weight of the first mechanism – jeopardizing bureaucratic performance. With personnel selection prioritizing political over professional criteria (see chapter 4), performance losses of only partially qualified personnel were likely to be limited – notwithstanding the laments of interview respondents.

As detailed in the prior section, tenure, of course, also provided benefits. Consistent with prior theories, it offered the promise of an enhanced net present value of (longer-term) patronage appointments; control of parts of the state even after an electoral loss; and a tighter patronage budget for a hostile successor. In this trade-off, retaining patronage control over dismissals – and the concomitant electoral mobilization advantage – reigned supreme in the context of a tightly contested 2012 election. Fernández thus resisted a reform which would have counted his own clients as the primary beneficiaries: as with the introduction of meritocracy (see chapter 5), more than *de jure* reforms which did not protect public employees from dismissal in practice did not see Presidential blessing.

## Conclusion: Patronage Control and the Politics of Tenure Reforms

As noted at the outset, the patronage control theory and its empirical test were extended to tenure protections with a two-fold ambition: to enhance confidence in the theory and to shed light on the understudied puzzle of variation in tenure protections across patronage states. The DR case study served towards both of these ends.

First, empirical evidence was found for a crucial assumption of the patronage control theory: tenure protections decrease the electoral utility incumbents derive from patronage bureaucracies. According to prior theories, tenure protections would have brought Fernández a range of benefits: longer-run employment to his party affiliates, longer-term control of the state and a tighter patronage budget of a potentially hostile successor. Moreover, tenure offered the promise of placating civil society and donor demand. Nonetheless, tenure was not electoral utility-maximizing for Fernández: forsaking patronage control over dismissals would have implied fewer incentives for bureaucrats to support Fernández' electoral campaigns and to perform on-the-job, while facilitating collective action for higher pay. Even in a 'most likely' case, an incumbent thus did not find it in his electoral interest to introduce tenure protections for his affiliates. Confidence in the corresponding assumption of the patronage control theory is thus enhanced.

Second, the case study makes an important contribution to scholarly works on the determinants of tenure by accounting for the prevalence of bureaucratic instability in patronage states. Prior studies did well to uncover the causal mechanisms linking electoral uncertainty with tenure protections. Yet, these studies omitted to consider the trade-off which tenure presents to incumbents. As detailed, tenure reduces the incentives of appointees to perform in office, support electoral campaigns and refrain from collective action for higher pay. Consequently, tenure protections may deprive not only future incumbents of electoral utility, but also incumbents introducing it. The conundrum of patronage states without job stability despite recurrent electoral uncertainty is thus resolved. Incumbents resist granting their appointees the gift of tenure to retain patronage control and the concomitant electoral advantages.

Consequently, the patronage control theory may account for not only bureaucratic professionalization but also bureaucratic instability. Tenure curtails patronage control and thus incentivizes bureaucratic professionalization under subsequent incumbents. At the same time, incumbent resistance to losing patronage control disincentivizes the introduction of tenure in the first place.

As a corollary, the case analysis reaffirms the assertion in chapter 2 that the incentives for *introducing* merit and tenure differ. None of the supply-side incentives Fernández faced to introduce tenure – such as providing longer-run employment to party affiliates – had any incentive effect on bureaucratic professionalization. An important puzzle is nonetheless left unresolved: the introduction of tenure despite its patronage control costs. The patronage control theory only points to reform disincentives, not the conditions under which such disincentives are overwhelmed by the reform incentives prior studies had uncovered.

While the DR case does not permit the identification of these conditions, recourse to the Paraguayan case provides at least a guidepost for future research in this direction. In Paraguay, public employees obtained *de facto* tenure protections through unionization in the 1990s in a context of high electoral uncertainty for Colorado *factions*, yet limited electoral uncertainty for the Colorado *Party* (see chapter 5). Factional struggles appear to have precluded incumbents from forestalling the emergence a multitude of Colorado-affiliated unions which deprived them of patronage control. To the contrary, both faction *and* union leaders organized public employees collectively as electoral support bases in intra-party struggles. The implication is clear: future research on the determinants of tenure reforms would do well to consider not only inter-party but also intra-party electoral uncertainty – and the role of public employees in intra-party politics.

With this guidepost provided, step one of demonstrating the generalizability of the patronage control theory is complete: its explanatory power for bureaucratic (in)stability was underscored. Step two follows next: evidence for its external validity beyond Paraguay and the DR shall be examined.

## Moving Beyond the Two Cases: **Suggestive Evidence for the Generalizability of the Theory**

Consistent with a ‘most similar system’ case selection design, Paraguay and the Dominican Republic were selected with a view to maximizing variance in the independent variable of interest. As a logical corollary, the two countries are extreme cases of institutions concentrating patronage control in incumbents or shifting patronage control away from them. While this facilitated theory testing in the comparative case study, it also raises an immediate concern about the generalizability of the findings – that is about whether empirical evidence for the explanatory power of the theory beyond the two ‘extreme’ cases studied may be identified.

In this chapter, I address this external validity concern. I do so in two steps. First, the scope of the qualitative inquiry is extended to late 19<sup>th</sup> and early 20<sup>th</sup> century reforms in the United States (U.S.) and United Kingdom (UK) – two paradigmatic cases of patronage reform. These case explorations enable me to probe into the validity of the theorized causal effects and mechanisms. Subsequently, I tentatively test the theory in a large-n context, conducting a statistical plausibility probe which draws on cross-country expert survey data on the structure of government.

While data limitations thwart conclusive findings, the results of both the qualitative and quantitative tests are consistent with the patronage control theory. Confidence in its generalizability is thus much enhanced. Remarkably, case evidence points to a causal role of institutions allocating patronage control in both the U.S. and the UK – the two, probably, most studied cases of patronage reform in the literature. At least two of the theorized causal mechanisms also travel to these two cases. Similarly, the statistical analysis finds that bureaucracies are, *ceteris paribus*, more meritocratic and less politicized in countries in which institutions shift patronage control away from

the incumbent. We may thus expect the patronage control theory to be portable beyond Paraguay and the DR. The implication is clear. Patronage states not only feature distinct institutions allocating patronage control; these institutional differences also matter for their reform trajectory.

### **Extending the Qualitative Test: Case Selection**

Four criteria guided the selection of the U.S. and UK for the out-of-sample test. First, cases were to meet two key theoretical scope conditions: patronage was the rule of the game prior to the reform episode and incumbents faced a competitive electoral environment. Prominent professionalization episodes under authoritarian regimes – as in Prussia in the 19th century or Brazil under Getúlio Vargas in the 20<sup>th</sup> century – were thus excluded from consideration. Second, to gauge whether the theory is portable to not only presidential systems beyond Paraguay and the DR, but also parliamentary systems, one case of each was sought.

Third, cases of professionalization – rather than patronage resilience – were sought. As noted in chapter 2, reforms are rare occurrences and reform failure is frequently over-determined. *Not* selecting on the dependent variable would thus risk case explorations with little causal leverage. To illustrate, patronage resilience has been accompanied by hyper-presidentialism – and concentrated presidential patronage control – in recent years in most of Latin America (Zovatto, 2014). While this regional pattern is consistent with theoretical predictions, the frequently over-determined nature of reform failure risks confounding correlation with causation in brief case explorations which may not rule out the range of rival hypotheses.

Lastly, two paradigmatic cases of bureaucratic professionalization were sought. Such cases offer the advantage of comprehensive documentation. The likelihood of data availability to test the patronage control theory – with its hitherto neglected causal variables and mechanisms – is thus enhanced.<sup>111</sup> Moreover, rival theories tend to

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<sup>111</sup> As shall be shown, historical studies provide evidence for the causal role of the patronage control theory and of its mechanisms in the U.S. and UK case. They do so as part of broader causal narratives, however – rather than as systematic inquiries into the reform incentives emanating from institutions allocating

offer prominent explanations for reform outcomes. As a result, paradigmatic cases offer particularly challenging – and thus robust – out-of-sample tests of the patronage control theory.

The UK and U.S. in the late 19<sup>th</sup> and early 20<sup>th</sup> century fit these criteria particularly well. The two cases are “probably the most known examples of merit adoption.” (Lapuente & Nistotskaya, 2009, p. 434) With competitive electoral environments and patronage as the rule of the game, the two cases also fall within the theory’s scope conditions. The UK bureaucracy was “patronage ridden” in a context of competitive elections, albeit with limited enfranchisement (Fukuyama, 2014, p. 64). The U.S. case in turn is “the quintessential example of the politics of civil service reform when a party system has come to rely on jobs for the boys in highly competitive democratic electoral arenas.” (Grindle, 2012, p. 16) Lastly, the two cases featured – as sought – a presidential (U.S.) and parliamentary (UK) system respectively.

Consistent with the findings of chapter 4, the case analyses below will seek to account for professionalization *in practice*. Rather than focusing on the widely studied approval of the 1883 Pendleton Act in the U.S. and the 1854 Northcote-Trevelyan Report in the UK, I will examine decisive episodes for professionalization in practice: the implementation of the Pendleton Act under President Theodore Roosevelt (1901-1909) in the U.S. and the approval of the 1870 Order-in-Council to put in place competitive examinations during William Gladstone’s first premiership (1868-1874) in the UK. These episodes were decisive as they changed the dominant rule of the game in the countries’ bureaucracies from patronage to professionalization.

Prior to commencing the brief case explorations, one clarification in regards to their purpose is due: they do not seek to rewrite history. A range of theories to account for the U.S. and UK case have been posited. The analyses below do not seek to rule them out. Instead, their aim is a more modest one: to show that institutions allocating patronage control added to incumbent reform incentives in these two classic cases of bureaucratic professionalization.

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patronage control. In other words, prior studies provide case evidence for theory testing, yet not theoretical arguments akin to the patronage control theory.

## **An Accidental Victor without Spoils: Institutional Incentives for Bureaucratic Professionalization under Theodore Roosevelt**

In the U.S., the President who professionalized the country's patronage bureaucracy the most was also the President most deprived of patronage control relative to electoral challengers when coming to office. Similar to Lugo and Fernandez, Theodore Roosevelt's rise to the Presidency was exogenous to the patronage control theory: he assumed office without controlling major patronage powers in a context in which patronage was central to electoral mobilization. As in Lugo's case, Roosevelt's patronage access was, when assuming the Presidency, curtailed by institutions which shifted patronage control towards electoral challengers in other state institutions. The electoral utility Roosevelt could derive from the patronage bureaucracy was thus reduced. Consistent with theoretical predictions, Roosevelt responded by professionalizing the bureaucracy. Professionalization enabled Roosevelt to deprive challengers of patronage control *and* enhance public goods provision in an electoral context in which patronage alone was unlikely to secure him re-election.

### *Meeting the Theory's Scope Conditions: The U.S. Spoils Democracy*

When Roosevelt came to power, the U.S. case fulfilled two key theoretical scope conditions: patronage was the rule of the game and the electoral environment was competitive. A precursor for many developing countries today, the U.S. had, in the 19<sup>th</sup> century, "invented" mass democratic clientelism and patronage: "it had democratic institutions and competitive elections, but votes were bought with the currency of public office." (Fukuyama, 2014, p. 148) Property requirements for voting had been lifted in many U.S. states by the 1820s. Fierce electoral competition ensued. To illustrate, "between 1874 and 1896, national campaigns were fought to virtual dead-heat conclusions, and the parties divided control of the national government in all but three separate two-year intervals." (Skowronek, 1982, p. 39) To mobilize support from newly enfranchised voters, parties started – beginning with President Jackson (1829-1837) – to rely on mass patronage and other clientelist favours. As a result, a "blatant" patronage system emerged which "eliminated virtually all

criteria for public office except political affiliation.” (Ingraham, 1995, p. xviii) As in Paraguay and the DR, patron-politicians openly publicized their patronage powers. To illustrate, a Chicago Senator informed a Senate Committee that no “appointments of any kind, big or little, were made in the section of the city in which I lived without my recommendation.” (Tarr, 1971, p. 72-73)

In this context, the U.S. passed its first civil service legislation – the Pendleton Act – against the odds in 1883. While scholars have advanced a range of theories to account for this passage (see R. Johnson & Libecap, 1994), contingency played an important role. A disappointed office seeker had assassinated President Garfield, sparking a public outcry over the patronage system and, subsequently, the formation of one of America’s first interest groups, the National Civil Service Reform League (Shefter, 1993). Moreover, the governing Republican Party faced a likely electoral defeat in the upcoming 1884 elections. As such, it was argued to face incentives to tenure Republican appointees and narrow the patronage powers of a potentially victorious Democratic party (Skowronek, 1982; Van Riper, 1958).<sup>112</sup>

The Pendleton Act created a Civil Service Commission within the executive branch in charge of regulating and supervising examinations for entry and promotion. Appointments were to be based on merit: institutions could only recruit among the highest exam scorers. Moreover, assessments – the customary practice of demanding part of civil servants’ salaries for party funding – were prohibited (Skowronek, 1982). As in Paraguay and the DR, enforcement powers lay with the executive: Presidents could classify positions into the merit-based civil service through executive orders.

Yet, “the Pendleton Act … had only a marginal impact on the spoils system.” (Grindle, 2012, p. 66) Subsequent to its passage, in January 1884, only 11 percent of the 131,208 positions in the executive civil service were classified – that is

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<sup>112</sup> While this argument is frequently advanced by scholars, note that initial civil service rules required merit tests for employees to be classified under the merit service. Indiscriminate tenuring of party appointees was thus not feasible. In 1888, President Cleveland modified these rules to waive the merit testing for incumbents of – yet not new appointments for – classified positions (R. Johnson & Libecap, 1994).

placed under an examination system for future appointments (Skowronek, 1982). This number increased to 38 percent in 1901 (R. Johnson & Libecap, 1994). The corresponding decrease in patronage was more apparent than real, however. The figure excludes positions exempted from eligibility for the federal civil service, including employees hired for the 1900 census, employees hired under the Spanish-American war appropriations and, most important, employees hired at the state and local level (Skowronek, 1982). Moreover, patronage appointments were sometimes made under the guise of the merit system. As a result, “parties had no less federal or state patronage available to them in 1900 than they had in 1883.” (Shefter, 1993, p. 74) The fate of postmasters, the “mainstay of American party politics,” is illustrative: it remained largely untouched by the merit service (Skowronek, 1982, p. 72). Under Presidents Cleveland and Harrison (1885-1897), between 40,000 and 78,500 postmasters were substituted with each government turnover (Grindle, 2012). Moreover, Roosevelt’s predecessor in the Presidency – William McKinley (1897-1901) – was the first President to reverse part of the merit-based civil service, exempting 9,000 previously classified positions (Skowronek, 1982).

#### *Measuring the Dependent Variable: Professionalization under Roosevelt*

Under President Roosevelt (1901-1909), reform reversal was turned upside down. Roosevelt classified over 137,500 positions into the merit-based civil service – 40 percent more than all of the five previous post-Pendleton Act Presidents combined. As a result, more than 62 percent of federal civilian government fell under the classified merit service when Roosevelt left office (R. Johnson & Libecap, 1994). Roosevelt also took several measures to safeguard the merit service from undue interference. The resources of the Civil Service Commission were expanded, its supervisory authority strengthened, a field staff added to its personnel and its control over recruitment and promotion extended all the way down to the local offices of state institutions (Fukuyama, 2014). Moreover, Roosevelt ordered the Treasury in 1901 to withhold salaries of classified civil servants appointed in violation of civil service rules. In addition, Roosevelt strengthened neutrality requirements for civil servants. Non-

merit civil servants causing public scandal or using their offices for political purposes were subject to dismissal. Even more stringent prohibitions were introduced for merit civil servants: any political activity beyond voting and private expressions of political opinions was disallowed. Starting in 1902, Roosevelt also imposed gag orders on civil servants. Henceforth, civil servants soliciting pay increases or influencing legislation before Congress in any way, save through their heads of departments, faced dismissals (Skowronek, 1982).

As a result of these changes, Roosevelt's Presidency was decisive for U.S. civil service professionalization: "from this point on, party leaders would accept the notion of a minimally politicized civil service." (Silberman, 1993, p. 277) Consequently, Roosevelt's Presidency was "the high point of reformist leadership" (Silberman, 1993, p. 283) – and thus the crucial reform episode to study when seeking to test the explanatory power of the patronage control theory in the U.S. case.

#### *Roosevelt's Exogenous Rise: An Outsider inside a Majority Party*

Similar to Lugo and Fernandez, Roosevelt's rise to the Presidency had been "in part accidental" – and thus exogenous to the patronage control theory (Silberman, 1993, p. 271). Roosevelt had "always stood outside regular party circles" in the governing Republican Party (Skowronek, 1982, p. 171). He had been a Civil Service Commissioner from 1889 to 1895, and, after narrowly winning the 1898 elections, a Republican New York Governor. In the 1901 elections, President McKinley appointed him nominee for Vice-President to attract independent progressive voters (Silberman, 1993). As the Vice-Presidency was a powerless sinecure, McKinley and the leadership of the Republican Party saw little risk in Roosevelt's appointment. In the same year, however, an anarchist assassinated McKinley. Per the Constitution, Roosevelt succeeded him in the Presidency. As Lugo and Fernandez, Roosevelt had thus risen to the Presidency in a system in which patronage was central to electoral mobilization despite lacking control over a significant patronage network of his own.

At the time, the Republicans counted on broad majorities in Congress. The Republican Party held between 61 percent and 66 percent of seats in the Senate,

and between 54 percent and 65 percent of seats in the Chamber of Deputies during the Roosevelt Presidencies. Yet, control and management of the Republican Party lay with Senator Hanna – rather than the relative outsider Roosevelt. In 1901, Hanna was the frontrunner for the 1904 Presidential elections. Old guard politicians estimated that “he already had enough delegates to be nominated on the first ballot.” (Morris, 2010, p. 95) Hanna counted on an extraordinary web of influence, not least including “countless offices in the civil service.” (Morris, 2010, p. 96) As a result, a Presidential bid on the part of Roosevelt in 1904 required, first of all, mobilizing an electoral support base of his own for the Republican nomination against intra-party challengers and, in particular, Hanna. Roosevelt chose to construct this support base, as aforementioned, through professionalization and public goods provision – rather than (solely) patronage and private goods provision. As detailed next, institutions which limited Presidential patronage control contributed to this choice.

#### *Institutions and Lack of Presidential Patronage Control in the U.S.*

Born in a revolution against the concentrated powers of the British Monarchy, the U.S. Constitution had divided powers among the executive, legislature and judiciary, as well as between the central and decentralized governments (Lipset, 1997). Compared to state and local governments, the Presidency and federal government at-large controlled only a minority of spending: less than 40 percent when Roosevelt came to power (United States Census Bureau, 2012). With only two states opting for civil service statutes in the 19<sup>th</sup> century, decentralized spending outside Presidential control could thus be used (virtually) freely for patronage purposes (Shefter, 1993).

Moreover, the legislature undertook functions and held powers – including in regards to patronage – typically exercised by the executive elsewhere (Fukuyama, 2014). The U.S. Constitution had produced a “bifurcation of control and responsibility” over the federal bureaucracy between the executive and the legislature (Ingraham, 1995, p. 15). As a long-standing scholarly literature has documented, this bifurcation has shaped the trajectory of administrative reforms in the U.S. until today

(see, among many, R. Johnson & Libecap, 1994). Less systematically explored, however, it also shaped Presidential professionalization incentives in general and Roosevelt's reform incentives in particular.

As part of this bifurcation, Congress held powers to set patronage budgets and public pay and, to lesser extent, impinge upon recruitment and dismissals. First, Congress had the exclusive rights to introduce and approve national budgets. Second, bureaus and departments could submit bills directly to Congress – that is without Presidential clearance – in order to, for instance, amplify departmental budgets. Third, Congress held powers to determine public pay. It could assign salary levels for up to the detail of individual positions or, alternatively, appropriate lump sums for discretionary personnel spending by department heads. Fourth, the appointment and removal of a range of senior officials in the executive was impossible without Senate approval. In conjunction, these powers provided Congress with not only patronage control, but also important influence in departmental affairs. Lastly, congressional courtesy – an informal institution – required the consultation of Congress members for appointments in their districts, including for postmasters and judicial staff (R. Johnson & Libecap, 1994). As a result, each Congress member controlled several hundred appointments directly (Silberman, 1993).

Institutions shifting the private goods benefits of the patronage bureaucracy to public employees further curtailed Presidential patronage powers. In 1890, the National Association of Letter Carriers and the National Association of Post Office Clerks had been formed.<sup>113</sup> As 63 percent of federal civilian staff worked for the Post Office (as of 1891), these associations claimed representation for an important share of civil servants. Starting in 1901, postal unions began lobbying Congress for more favourable collective pay and promotion provisions. Congress responded in 1907 with the Reclassification Act which granted postal workers the sought after promotion and

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<sup>113</sup> Several additional, yet less influential public sector unions – including the National Association of All Civil Service Employees and the Railway Mail Association – had also been formed in the 1890s prior to Roosevelt's ascent (R. Johnson & Libecap, 1994).

pay schedule (R. Johnson & Libecap, 1994). These collective pay rises curtailed Roosevelt's budget for discretionary patronage allocations of his own.

As a result of these *de jure* and *de facto* constraints on Presidential patronage powers in particular and Presidential authority more generally, "the President had never risen far above the status of a clerk ... The ostensible head of the national administrative apparatus found his political and institutional resources hostaged to local party bosses in Congress." (Skowronek, 1982, p. 169)

#### *Institutional Incentives for Bureaucratic Professionalization in the U.S.*

For Roosevelt's electoral ambitions, the stickiness of institutions shifting patronage control away from the Presidency caused an immediate dilemma. Patronage was central to electoral mobilization, yet the Presidential office he had inherited was deprived of important patronage powers. A Republican Congress was unlikely to aggrandize these patronage powers to its own detriment. Consistent with theoretical expectations, Roosevelt responded by advancing professionalization.<sup>114</sup> The theory's first two causal mechanisms were at play: reform served to both undercut the patronage powers of his Presidential challengers in Congress and enhance the federal government's public goods provision in a context in which Roosevelt was unlikely to be able to compete based on patronage alone.<sup>115</sup>

These mechanisms are implicit in accounts of Roosevelt's reform rationale: "In order to secure his place in the ... leadership ... Roosevelt had to ... [make] the administrative structure ... more independent of congressional control. Alternatively, he could seek the support of the liberal/Progressive Republicans ... Since none of these strategies were mutually exclusive, it is not surprising Roosevelt engaged in all of them."

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<sup>114</sup> This is not to say that Roosevelt did not use part of his patronage powers for political ends. In fact, when taking office, he submitted as many as thirty appointments a day to Congress (Morris, 2010). These served to control key state institutions and sway a subset of legislators towards supporting Roosevelt's reforms and electoral aspirations (Skowronek, 1982).

<sup>115</sup> Case evidence for the third theorized mechanism – reform to elicit public goods from tenured employees and deprive predecessors of support from their tenured appointees – could not be identified.

(Silberman, 1993, p. 272-273) Causal process observations provide further credence to the two mechanisms.

The public goods rationale for professionalization is visible in the focus of reform, targeting mostly technical and professional-level positions for which “expertise was badly needed.” (Schultz & Maranto, 1998, p. 87) As a consequence, the government acquired “the capacity to administer the regulatory and social ... programs whose enactment was supported by many of the nation’s business leaders as well as groups further down the social scale.” (Shefter, 1993, p. 80-81) Moreover, the President instituted political neutrality rules for patronage appointees which safeguarded his public goods reputation with the electorate: appointees causing public scandals faced dismissal (R. Johnson & Libecap, 1994). In a context in which Roosevelt was, in his early years in the Presidency, unlikely to be able to compete electorally with Hanna’s patronage network, professionalization thus enabled him to mobilize a political support base of his own: public goods- and reform-oriented voters and groups, a constituency largely neglected by his competitors in Congress. Socio-economic transformations such as industrialization and urbanization had enhanced the electoral utility of this support base in the late 19<sup>th</sup> century: a new stratum of middle class professionals, civil associations, non-partisan media outlets and progressive business associations had emerged (Van Riper, 1958).

The electoral utility of public goods provision alone, however, was insufficient to tilt incentives towards reform. Else, Roosevelt’s predecessors would have similarly advanced professionalization. With institutions allocating important patronage powers to the legislature, professionalization enabled Roosevelt concurrently to deprive Presidential challengers in Congress of patronage control.<sup>116</sup> To illustrate, Roosevelt sought professionalization not only for key technical positions, but also fourth-class postmasters, “the motor force of the federal patronage system” (Skowronek, 1982, p. 178). Roosevelt classified almost 15,500 postmaster positions into the merit service, albeit solely in safe Republican districts: “their continuance as patronage served

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<sup>116</sup> Previous Presidents lacked similar incentives to deprive fellow party members of patronage control: they had been leaders of their parties and, as such, at least in part in control of party members.

only to strengthen local party officials and the members of Congress tied to them. They did not serve the president, and they were removed from patronage.” (R. Johnson & Libecap, 1994, p. 62)

Roosevelt also sought to sever ties between civil servants and legislators more generally. As noted above, salaries were withheld from classified (i.e. merit) civil servants who had been irregularly appointed; such appointments were most likely made by or on behalf of legislators (R. Johnson & Libecap, 1994). Moreover, Roosevelt’s gag order empowered him to dismiss any public servant soliciting pay increases or legislation from Congress. Lastly, Roosevelt’s redefinition of political neutrality prohibited any use of administrative offices for political purposes. In conjunction, these measures and the “strengthening [of] the policing powers of the Civil Service Commission served to undermine congressional party influence within the administrative structure.” (Silberman, 1993, p. 274)<sup>117</sup>

As predicted by the patronage control theory, Republican legislators in control of Congress – and, concomitantly, of legislative patronage powers – resisted professionalization. In fact, the reform’s “chief obstacle was a Republican Congress”; and, unsurprisingly, the “executive-professional offensive became mired in bitter opposition from congressional leaders.” (Skowronek, 1982, p. 172-173) Consistent with theoretical assumptions, Roosevelt was nonetheless able to advance reform: the Pendleton Act empowered the President to extend the U.S. merit civil service without congressional approval.

#### *Conclusion: Institutions Allocating Patronage Control and Bureaucratic Professionalization in the U.S.*

In conclusion, the brief case exploration of bureaucratic professionalization in the U.S. suggests that institutions allocating patronage control

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<sup>117</sup> As a corollary, reform under Roosevelt not only professionalized the U.S. bureaucracy, but also shifted the locus of control over it towards the Presidency. As Shefter (1993, p. 79) put it, the “administrative reforms of the Progressives increased the control that the President … [was] able to exercise over the administrative apparatus of government, at the expense of … Congress.” Note that this was, in fact, precisely the ambition of Roosevelt’s stewardship theory of the Presidency.

added to reform incentives. They reduced the electoral utility Roosevelt derived from the patronage bureaucracy, while strengthening the patronage power basis of Roosevelt's competitors for the Republican Presidential nomination in Congress. With institutions depriving him of patronage control, Roosevelt faced incentives to professionalize to not only seek to mobilize electoral support through public goods provision, but also curtail patronage access of his competitors.

This, of course, represents not more than suggestive evidence for the theory in the U.S. case. Other scholars have pointed to a range of other reform incentives. To cite a few: as a former Civil Service Commissioner, Roosevelt's personal convictions about bureaucratic professionalization loomed large (Silberman, 1993). The aforementioned socio-economic transformation in the U.S. enhanced the electoral payoff of public goods provision, while curtailing the payoff of private goods provision (Reid & Kurth, 1988). It also facilitated the emergence of progressive Republicans – variously known as Mugwumps, Independents or Liberals – whose support could be courted with reform, in addition to civic reform coalitions mobilizing against patronage (Van Riper, 1958). Moreover, ever-increasing patronage budgets may have led to ever-increasing principal-agent problems in patronage networks, with patrons at the top no longer able to control appointees at the bottom (R. Johnson & Libecap, 1994). A context of electoral uncertainty may have also incentivized professionalization to blanket in patronage appointees. Blanketing in could have provided job stability to appointees and reduced patronage budgets of (hostile) succeeding Presidents (Ingraham, 1995).

Note, though, that these accounts do not detract from the plausibility of the patronage control theory: they complement rather than the rival the theory, and are individually insufficient. 'Blanketing in' may not account for an extension of the classified service early in Roosevelt's term. Principal-agent problems were least acute in the case of Roosevelt: he had come to power with the smallest patronage network of all post-Pendleton Act Presidents. The U.S.' gradual socio-economic transformation contrasts with the sudden expansion of professionalization under Roosevelt; and presidential convictions about reform rarely lead to professionalization absent other incentives. In fact, as Silberman (1993, p. 272) put it, Roosevelt "was committed to

reform not only because he believed in it, but because it was essential to securing his place as leader of the party to which had accidentally fallen heir.” The fate of reform under a second prominent President with a personal reform commitment is illustrative. Facing political disincentives, President Woodrow Wilson – the “father of American public administration” and Vice President of the National Civil Service Reform League – advanced professionalization only minimally (Fukuyama, 2014, p. 160).

Credence to the explanatory power of the patronage control theory in the U.S. case is thus lent. Prominent scholarly explanations do not completely account for the reform episode; and case evidence points to a causal role of institutions allocating patronage control. The next section will examine whether similar evidence may be identified in the British case.

### **Prime Minister vs. Backbenchers: Institutional Incentives for Bureaucratic Professionalization under William Gladstone**

Examining the explanatory power of the patronage control theory in a parliamentary system may, at first sight, appear counterintuitive. After all, parliamentarism and the centralization of executive power are frequently equated by scholars (see, for instance, Gerring & Thacker, 2004). In contemporary British politics, for instance, “because of the fusion of executive, legislative and party leadership in the same hand, the [parties] winning a British general election gain authority over all of government.” (Rose, 1984, p. 6) Institutions which place patronage powers outside of the control of a Prime Minister and his allies would, of course, run counter to this equation of parliamentarism and centralization of power. Yet, such institutions may exist in parliamentary systems – and deprive prime ministers and their allies of patronage control. Not less important, such institutions may – as in presidential systems – shape bureaucratic professionalization incentives.

As I shall detail, patronage control in the UK was, prior to the 1870 Order-in-Council, fragmented. Members of Parliament (MPs) controlled autonomous state institutions and the associated patronage powers. As a result, they counted on autonomous patronage power bases. In conjunction with rigid tenure protections,

fragmented patronage control deprived prime ministers of not only patronage, but also the ability to ensure party discipline – and thus legislative support for their continuation in office.

Gladstone's rise to power in this institutional context was exogenous to the patronage control theory: he lacked patronage resources in an electoral context dominated by jobs-for-votes exchanges. Consistent with theoretical expectations, institutions which shifted patronage control away from Downing Street also incentivized Gladstone to professionalize. Two causal mechanisms were at play: professionalization to, first, compete electorally through public goods provision given an inability to compete based on patronage only; and, second, deprive challengers in the legislature of patronage access. As a consequence, MPs were deprived of their main source of independence – and thus ability to challenge Gladstone's longevity in office.

### *Meeting the Theory's Scope Conditions: The UK's Patronage Parliamentarianism*

When Gladstone assumed the premiership in 1868, the UK fulfilled two key theoretical scope conditions: patronage was the rule of the game and the electoral environment was competitive. Prior to Gladstone's ascension, political competition in the 19<sup>th</sup> century consisted principally of a two-party rivalry of Whig and Tory.<sup>118</sup> With relatively even parliamentary representation, *inter*-party competition was pronounced; with party switches and fluctuating support of backbenchers for party leaders, *intra*-party competition was no less fierce (Namier, 1957). The period coincided with franchise expansion: reform acts in 1832 and 1867 expanded the franchise to 14 percent and 32 percent of the adult male population respectively. While the franchise thus remained constrained – full adult suffrage was not extended until 1929 – competition for electoral support from those eligible to vote was strong (Fukuyama, 2014).

Patronage was central in this electoral competition: "patronage provided jobs for electors, employment for placemen and rewards for the relatives and dependants of those landed aristocrats who could supply the government with votes in parliament

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<sup>118</sup> The Whigs merged with the Peelites and Radicals in 1859 to form the Liberal Party.

and in the constituencies.” (Bourne, 1986, p. 17) Its scale was considerable. According to Bourne (1986, p. 15), for instance, “patronage involved, to a greater or lesser extent, the whole of English society.” As a result, the Tories, for instance, did “as late as 1868 ... in most constituencies ... not command a party apparatus that had an existence apart from the patron-client chains that linked Tory squires to their tenants and dependants.” (Shefter, 1977, p. 437) Similarly, “for the Whigs, party power meant patronage control.” (Silberman, 1993, p. 365)

The centrality of patronage in electoral mobilization was paralleled by the centrality of patronage in public service. Beyond a small number of offices where some form of examination existed – including the Treasury, the Audit Office, Inland Revenue and the Board of Trade – patronage was the “medium through which the public services were recruited.” (Bourne, 1986, p. 23) The extent of patronage expanded rapidly in the 19<sup>th</sup> century. To illustrate, the number of personnel in the central government’s provincial and metropolitan departments increased more than three-fold between 1797 and 1871. Concurrently, the “expansion of Britain’s colonial possessions provided an enormous reservoir of patronage.” (Bourne, 1986, p. 28)

Patronage saw its first major challenge with the publication of the Northcote-Trevelyan report in 1854. The report was the culmination of a series of inquiries into the workings of the UK civil service which had begun in 1848. The report called for an end to patronage and sought the introduction of competitive civil service examinations as the general means of entry into public service (Fukuyama, 2014). An independent civil service commission was to supervise these examinations. Although the report is frequently lauded as the “birth-date of the modern civil service,” professionalization in practice was largely stillborn (Gladden, 1967, p. 19). While the Indian civil service was opened up to competition in 1854, parliament failed to introduce legislation to adopt the Northcote-Trevelyan reforms in the public service more generally (Greenaway, 2004).

Instead, the report’s most tangible repercussion was an executive Order in Council in 1855. The Order established a Civil Service Commission headed by three commissioners appointed by the Prime Minister. The Commission was empowered to

issue certificates of qualification which were a prerequisite for appointment. These ‘fit-for-office’ certificates required candidates to showcase in examinations the requisite knowledge, ability, moral character, health and age (Silberman, 1993).

Yet, this system “held few terrors for advocates and dispensers of patronage.” (Bourne, 1986, p. 37) To be put forward for examinations, candidates required in almost all cases a nominator. As a result, patron-client linkages were still a requisite for entry. Moreover, competitions were frequently limited to two or three candidates. Patrons customarily nominated candidates without a chance of passing to assure victory of the intended nominee. The Commission also lacked authority to enforce uniform requirements across departments for the selection criteria, or sanction departments bypassing examinations (Silberman, 1993). As a result, only 24 of 47 departments in 1870 had introduced examinations. In these departments, almost 72 percent of certificates of qualifications were granted without any competition; 28 percent with limited competition; and only 0.3 percent with open competition between 1855 and 1868. Unsurprisingly, the 1855 Order in Council was found to do “little to diminish the importance and scale of patronage in the public services.” (Bourne, 1986, p. 39)

#### *Measuring the Dependent Variable: Professionalization under Gladstone*

When Gladstone assumed as Prime Minister in 1868, patronage was thus still the rule of the game in the UK’s civil service. During his premiership, this was to change. His 1870 Order in Council represented “the watershed of the rationalization of the bureaucratic structure” in the UK (Silberman, 1993, p. 401). The Order abolished nominations to examinations and, instead, opened up competitive examinations to all applicants meeting minimum age and health requirements. Prior testing and approval of candidates by the Civil Service Commission became mandatory for appointments; and two examination schemes were set up: one for university graduates for the higher civil service and one for school leavers for clerical positions.

To facilitate cabinet approval, the Order required prior consent from departmental authorities to proceed with examinations. Subsequent to passage,

however, the Treasury was effective in using the financial sway it had acquired over departments in preceding decades - in particular during Gladstone's Chancellorship of the Exchequer - to secure compliance. All major departments - except the Home Office until 1873 and the Foreign Office until 1905 - came to accept the principle (Bourne, 1986).<sup>119</sup> As a result, "patronage became a negligible factor in recruitment" (Silberman, 1993, p. 401). The 1870 Order in Council thus "established the basis of the modern civil service in Great Britain." (Silberman, 1993, p. 376) Concomitantly, Gladstone's first premiership is the crucial reform episode to study when seeking to test the explanatory power of the patronage control theory in the UK case.

#### *Gladstone's Exogenous Rise: The 'People's William'*

Similar to Fernandez, Lugo and Roosevelt, Gladstone rose to power without controlling major patronage powers in a context in which patronage was central to electoral mobilization. Contrary to Fernandez, Lugo and Roosevelt, however, Gladstone had been a long-standing MP by the time of his ascent. He had served almost uninterruptedly in the House of Commons since 1833. Concurrently, he had also acted in several senior executive positions, including as the Chancellor of the Exchequer in 1852-1855 and 1859-1866. Yet, he had done so without a constituency or large-scale patronage network of his own. Gladstone had joined parliament as a Tory in part thanks to the wealth of his father. Subsequently, he had aligned himself with the small Peelite faction in 1846 and assumed Peelite leadership in 1850 (Partridge, 2003). Contrary to Whigs and Tories, the Peelites had a reputation for administrative ability. In part thanks to this reputation as well as balance-of-power-politics - with the Peelites frequently providing the swing vote in the House of Commons - Gladstone was able to assume as Chancellor of the Exchequer (Silberman, 1993).

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<sup>119</sup> This is not to say that patronage did not persist as the rule of the game in pockets of the state, however. The Postmaster General, for instance, „was in the habit of receiving „recommendations“ from Members“ of parliament until 1907 (Parris, 1969, p. 53); and it took until 1912 for the Patronage Secretary to transfer his remaining patronage powers to departments.

As Chancellor, Gladstone successfully constructed a popular national reputation based on, in particular, his support for franchise expansion. This reputation contributed to Gladstone's assumption of the Liberal Party leadership in 1867; the party had emerged from a merger of Whigs, Peelites and Radicals in 1859. After the franchise almost doubled in 1867, Gladstone was elected to the Premiership in 1868 on a reform platform. Despite this victory, however, the social composition of parliament had remained largely unchanged. Half of Liberal MPs and the majority of Gladstone's cabinet members, for instance, were drawn from the aristocracy and gentry (Partridge, 2003). Moreover, Gladstone faced the same challenge which had plagued his short-lived predecessors: how to overcome unstable parliamentary support given high levels of MP independence and, concomitantly, poorly disciplined parties. As I shall detail next, poor party discipline rested in great part on the fragmented institutional allocation of patronage control: individual MPs rather than the Prime Minister controlled most patronage.

#### *Institutions and the Lack of Prime Ministerial Patronage Control in the UK*

Ascent to Downing Street did not provide Gladstone with centralized patronage control. Instead, patronage powers over recruitment and promotion were allocated to institutions largely outside prime ministerial control. At the same time, tenure protections shifted part of the remaining private goods benefits of the patronage bureaucracy to public employees.

The UK's fragmented institutional allocation of patronage control had originated from the dismantlement of the 1688 settlement. The settlement had allocated patronage control to the Monarch. It had empowered the Monarch to select the first minister and control appointments to the civil list – and, concomitantly, patronage in public service. In response, between 1780 and the 1820s, “political leaders in Parliament ... attacked the monarch's structure of patronage and destroyed it.” (Silberman, 1993, p. 300) Yet, “the dissolution of the monarch's control over patronage left patronage without any systematic rational structure.” (Silberman, 1993, p. 300) While parliament

had won the struggle over control of patronage, it lacked centralized organizational principles for its allocation – and for public administration more generally.

Instead of centralized administrative control, any state institution enjoyed autonomy: it “merely reported its expenditures annually to the Treasury and observed, within limits, the principles of economy ... It received its own revenue, it paid its own bills.” (Parris, 1969, p. 248) As a result, as an MP put it, “every office seems to be the lord of its own will, and every office seems to have unlimited power over the purse of the nation ... instead of ... being ... under the constant check of the Treasury.” (quoted in Roseveare, 1969, p. 129)<sup>120</sup> Decentralized administration was exacerbated by the prevalence of semi-independent boards, commissions and colonial governorships outside of ministerial (and prime ministerial) control.

Decentralized administration translated into decentralized patronage control. Institutional authorities held autonomous powers over appointments and promotions (Parris, 1969). At the same time, the power to appoint these institutional authorities rested with parliament rather than the prime minister. Parliament customarily selected MPs to head ministries and other institutions as a function of their parliamentary status – rather than their allegiance to the current prime minister. Parliament could also remove institutional authorities if these lost its confidence. As a consequence, MPs in executive positions faced incentives to share patronage powers with fellow MPs to retain their support.

In addition, institutions shifted part of the private goods benefits of the patronage bureaucracy to public employees. Tenure protections largely precluded prime ministers from dismissing appointees of preceding incumbents. Prior to the 19<sup>th</sup> century, public office had been considered almost a freehold. Consequently, “office had the sanctity and integrity of private property.” (Bourne, 1986, p. 15) As a corollary, strong tenure protections had become both customary and legally mandated. Public servants “had much more security than twentieth-century civil servants” and their dismissal was

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<sup>120</sup> As a caveat to this generalization, note that the Treasury gradually enhanced its financial sway over state institutions in the 19<sup>th</sup> century. The setting of salaries and pensions, for instance, had, by 1830, become centralized and regulated by the Treasury. Under Gladstone’s Chancellorship, the Treasury also enhanced its control over, among others, the establishment of positions (Silberman, 1993).

sometimes difficult even in cases of severe neglect of duty (Parris, 1969, p. 26).<sup>121</sup>

Gladstone thus had to channel an important fraction of his limited patronage budget to the remuneration of appointees of prior incumbents.

In sum, institutions deprived Gladstone of patronage control. Recruitment and promotion in most institutions were outside his sway, as was the substitution of appointees of predecessors. Consistent with theoretical expectations, this institutional allocation of patronage control incentivized Gladstone to professionalize.

### *Institutional Incentives for Bureaucratic Professionalization in the UK*

For Gladstone's longevity in power, fragmented patronage control represented a dilemma. Patronage served to sustain governmental coalitions and secure electoral victories. Yet, institutions deprived the Prime Minister of most patronage control. Two causal mechanisms were activated in response: reform to, first, deprive electoral challengers of patronage control and, second, compete electorally through public goods provision in the context of an inability to compete based on patronage alone.<sup>122</sup> As Roosevelt, Gladstone thereby faced electoral competition from not only inter-party but also intra-party challengers.

The allocation of patronage powers to autonomous state institutions controlled by MPs greatly strengthened their independence from Gladstone. Controlling patronage in a context in which patronage was central to electoral mobilization, MPs did not require prime ministerial support to secure re-election. As a result, they could – and often did – provide fluctuating support for the legislative initiatives and continuation in office of a prime minister. As the Duke of Wellington complained in 1829, “certain members claim a right to dispose of [patronage] ... whether they support

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<sup>121</sup> As theoretically predicted, tenure protections also facilitated collective action by public employees - thus further curtailing incumbent patronage budgets. Starting in 1854, civil servants began acting collectively to press for predictability and commensurability of salary increases and pension deductions, for instance. The 1859 Superannuation Act was in part a response to this pressure (Silberman, 1993).

<sup>122</sup> As in the U.S. case, evidence for the third mechanism – reform to elicit public goods from tenured employees and deprive predecessors of support from their tenured appointees – could not be identified.

[the government] upon every occasion, or now and then, or when not required, or entirely oppose." (Bourne, 1986, p. 14) Gladstone faced a similar quandary in 1868.

As a consequence of MP autonomy, "few ministers enjoyed much personal (and still less party) loyalty; cabinet solidarity and the collective responsibility were ill-defined. It required patronage to bring together and sustain a team of front bench ministers." (Bourne, 1986, p. 17) For Gladstone and his predecessors, however, fragmented patronage control implicated that bringing together sufficient patronage to sustain a government was a tall order. Prime ministers counted on a party whip who, as patronage secretary in the Treasury, was in charge of garnering as many patronage positions as possible from the distinct executive departments to strengthen party discipline. Yet, patronage secretaries counted on limited levers to incentivize institutional authorities to share patronage powers. After all, each minister, president of board, member of commission or governor of colony formally controlled patronage powers in his or her institution. Moreover, patronage powers of institutions directly controlled by the prime minister were limited, not least as tenure protections precluded substituting appointees of predecessors in these institutions. Due to this limited patronage control, party leaders and prime ministers had "very little leverage over the independence of backbencher MPs." (Silberman, 1993, p. 334)

As for his predecessors, centralizing patronage control would have thus represented the utility-maximizing choice for Gladstone. MPs would be deprived of their independence, while Gladstone would count on patronage to impose party discipline and secure his own re-election. Yet, the stickiness of institutions allocating patronage control precluded this choice. Consent from a majority of MPs – many of whom were the principal beneficiaries of decentralized patronage control – was required to centralize patronage control.

With patronage centralization precluded, professionalization offered Gladstone a second best. Reform deprived "MPs of one of the most important underpinnings of their independence – the structure of local relationships which patronage helped to sustain." (Silberman, 1993, p. 340) As a consequence, backbenchers were "forced to rely ... more and more after 1870, on ... party organization and party

leadership ... to get nominated, elected, and reelected." (Silberman, 1993, p. 353) In other words, reform enabled Gladstone to deprive intra-party challengers – who could undermine his party leadership position – of patronage control. Concurrently, patronage access of inter-party challenger was curtailed; as detailed above, parliament appointed not only governing party MPs to head state institutions.

By itself, however, depriving challengers of patronage control was an insufficient reform incentive. Else, Gladstone's predecessors would have professionalized. Reform similarly required the ascent of a prime minister without a patronage network of his own. Gladstone lacked a patronage network spanning MPs and voters when coming to office. With institutions depriving him of patronage control, Gladstone *also* lacked the requisite patronage control to build such a network while in office – and, concomitantly, the ability to compete electorally based on patronage.<sup>123</sup> In line with the theorized causal mechanism, Gladstone then sought electoral competition based on public goods provision – which voters were likely to associate disproportionately with him. As Silberman (1993, p. 398) put it,

*"Absent any coherent, disciplined body of followers who could organize voters, political leaders such as Gladstone ... saw in a powerful executive the means by which they might appeal directly to constituencies. By continually proposing a stream of major legislation that would be implemented by a well-subordinated civil service, political leaders saw the possibility of reducing the fickleness of voters."*<sup>124</sup>

Contrary to patronage centralization, professionalization was a feasible choice for Gladstone. As with patronage centralization, MPs resisted – as the principal beneficiaries of fragmented patronage control – professionalization. Parliament had, for instance, voted down the 1855 Order in Council. Consistent with theoretical expectations, Gladstone was nonetheless *able* to professionalize.<sup>125</sup> The Treasury had

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<sup>123</sup> The lack of a prior patronage network also incentivized professionalization by reducing the amount of patronage lost by Gladstone as a result of bureaucratic professionalization.

<sup>124</sup> Note that professionalization thus transformed Gladstone into not only a national politician but also a "new kind of executive politician" (Silberman, 1993, p. 399). Reminiscent of the U.S. case, reform under Gladstone both professionalized the bureaucracy and centralized control over it in the executive.

<sup>125</sup> As a caveat, MPs fearing a loss of patronage powers could have, of course, acted collectively to depose Gladstone. Contrary to presidential systems, a vote of 'no confidence' with a simple majority would have

previously – in particular under Gladstone’s Chancellorship of the Exchequer – gained powers to lay down general conditions of service (Gladden, 1967, p. 19). As a result, neither the 1855 Order nor, more importantly, the 1870 Order in Council required parliamentary consent.

#### *Conclusion: Institutions Allocating Patronage Control and Bureaucratic Professionalization in the UK*

Evidence points to the explanatory power of the patronage control theory in the UK case. Institutions allocating patronage control reduced the electoral utility Gladstone could derive from the patronage bureaucracy, while strengthening the independent power bases of Liberal and Tory MPs. This independence reduced Gladstone’s ability to ensure legislative and electoral majorities – and thus continuation in office. Bureaucratic professionalization resolved this dilemma. It enabled Gladstone to enhance public goods provision to court electoral support *and* to deprive intra- and inter-party challengers of their patronage power bases.

As in the U.S. case, this brief case exploration cannot provide conclusive evidence. Previous studies point to other possible reform incentives. To cite a few: as a practising Christian, Gladstone’s personal convictions against the evils of patronage could have incentivized reform (Partridge, 2003). War could have been at play, with the military and administrative disasters of the Crimean War triggering a media outcry and reform demands. Industrialization and the associated socio-economic changes could have induced reform. Reform was constantly demanded by the business-sponsored Administrative Reform Association, for instance (Fukuyama, 2014). Franchise extension could have similarly been at cause. It expanded patronage access beyond

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sufficed for this purpose. Several factors forestalled such a vote. First, the very independence of MPs impaired their collective action. Backbenchers had much greater capacity to hold up legislative action than to pass laws in the House of Commons (Silberman, 1993). Second, Gladstone had obtained an unusually strong legislative majority of 110 Liberal MPs in the 1968 elections (Partridge, 2003). Only mass defection would have thus enabled a ‘no confidence’ vote. Third, professionalization implied that MPs would collectively lose patronage access. MPs controlling less patronage than their peers thus benefited from a more level electoral playing field (see Geddes, 1991 for a related mechanism). Lastly, and as detailed in the concluding section of the case exploration, other factors – such as industrialization and democratic enfranchisement – curtailed the electoral utility of patronage for not only Gladstone but also MPs.

upper classes. In response, upper classes sought examinations to preserve preferential public service access: better educated, they were likely to trump (Shefter, 1977).<sup>126</sup> Enfranchisement also multiplied the number of supporters who could not be favoured with patronage. In conjunction with socio-economic changes stemming from industrialization, enfranchisement thus reduced the electoral utility of patronage (Parris, 1969).

The patronage control theory nonetheless remains plausible as an *additional* reform incentive. Prior studies offer complementary rather than competing explanations; moreover, the *decisiveness* of professionalization under Gladstone remains puzzling without recourse to the patronage control theory. Industrialization *gradually* shifted incentives towards professionalization. Crimean war failure preceded the 1870 Order by 14 years. Several of Gladstone's predecessors held similar personal convictions against patronage (Partridge, 2003). Enfranchisement in the 19<sup>th</sup> century was accompanied by rapid patronage growth, thus moderating the decline in the share of voters benefiting from patronage (Bourne, 1986); and preserving upper class access to public service did not require an expansion of examinations to clerical positions. Confidence in the patronage control theory is thus, once more, enhanced. Institutions allocating patronage control appear to have added to Gladstone's professionalization incentives and to the decisiveness of his reform.

The two cases thus lend credence to the generalizability of the patronage control theory beyond Paraguay and the DR. Evidence for a causal role of institutions allocating patronage control was found in both cases; at least two of the theorized causal mechanisms seem to have been at play; moreover, institutions allocating patronage control were not merely intervening variables: their origins – a revolution against the concentrated powers of the British Monarchy in the U.S. and the dismantlement of the 1688 settlement in the UK – did not incentivize professionalization; and, lastly, a causal effect was identified in both a presidential and a parliamentary system.

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<sup>126</sup> Gladstone's Chancellor of the Exchequer Lowe, for instance, explicitly pursued this objective with his reform advocacy.

Qualitative evidence for the generalizability of the theory was thus provided. The implication is remarkable: the patronage control theory sheds new explanatory light on two of the most paradigmatic and studied cases of patronage reform in the literature. In the next section, I will examine whether quantitative evidence for the causal power of the theory beyond the four cases studied may be similarly identified.

### **Beyond Small-N: A Statistical Plausibility Probe of the Patronage Control Theory**

To gauge whether the theory finds support in a large-n setting, I conduct a statistical plausibility probe. The probe is developed in three steps. First, the data drawn on to operationalize bureaucratic professionalization, institutions allocating patronage control and control variables is detailed. Second, the econometric model and estimation techniques are presented. And third, the empirical results and their implications for the generalizability of the theory are discussed. Prior to proceeding with the analysis, an important caveat regarding its ambition is due: what the analysis purports to achieve is no more than the provision of *tentative* evidence for the *plausibility* of a causal effect of the patronage control theory beyond the four cases studied qualitatively. A range of data limitations preclude a more conclusive and robust statistical test. With this caveat in mind, the statistical plausibility probe does add large-n evidence: bureaucracies are more meritocratic and less politicized where institutions deprive incumbents of patronage control.

#### *The Data and Its Limitations*

For the statistical plausibility probe, data on bureaucratic professionalization, institutions allocating patronage control and control variables is brought together. As shall be detailed, the data does not permit precise operationalizations of the variables of interest. To address this data limitation, proxy measures are made recourse to; where such measures are unavailable, the analysis relies

instead on variables enabling the testing of empirical implications of the theory – rather than of the theory itself.

Bureaucratic professionalization is proxied by data on meritocracy and politicization in public sector recruitment. As noted, the equation of professionalization with the primacy of meritocracy in recruitment is motivated by prior studies which associate meritocracy – yet not other bureaucratic features such as tenure protections – with public goods benefits such as economic growth or lower corruption (Dahlstroem et al., 2011; Rauch & Evans, 2000).

To measure the primacy of meritocracy, the analysis draws on 2008–2012 Quality of Government (QoG) Survey data. A major advance in cross-country perception data on the structure of government, the web-based survey is based on 1035 country expert responses covering in a pooled sample 135 countries. For the purpose of the plausibility probe, I draw on the country-level dataset. The dataset contains the mean of expert responses for those 107 countries which feature at least 3 expert respondents. The coverage of the survey extends to all regions of the world, albeit with somewhat less frequent responses in Africa and the Middle East (Dahlberg et al., 2013).

Meritocracy and politicization may be usefully captured by responses (on a 1-7 scale) to the survey questions “When recruiting public sector employees, the skills and merits of the applicants decide who gets the job?” and “When recruiting public sector employees, the political connections of the applicants decide who gets the job?” A professionalization variable which ranges theoretically from -6 to +6 is then constructed by deducting the politicization score from the meritocracy score. As illustrated in Table 8.4, countries score in practice between -4.4 and +4.75, with a mean close to 0 (-0.1), on this measure. For an ordered logit regression – which takes into account the bounded nature of the data – average expert responses per country for each meritocracy and politicization are rounded (up and down) to recreate the ordinal 1-7 scale; subsequently, an ordinal professionalization variable is generated by deducting the ordinal politicization score from the ordinal meritocracy score. The rounding procedure only leads to a minimal loss in variation: the correlation between the ordinal professionalization variable and the continuous one is 0.99.

As robustness checks, meritocracy and politicization are also included as disaggregated dependent variables in the statistical tests below. For the purpose of theory testing, however, the aggregate professionalization measure is more appropriate. Consistent with the theoretical distinction between private and public goods provision, it reflects in part the relative weight of public (goods oriented) and private (goods oriented) concerns in recruitment decisions. This would, of course, not be a relevant differentiation if meritocracy and politicization were perfectly negatively correlated. Yet, while the negative correlation between meritocracy and politicization in the QoG data is substantial ( $r=-0.84$ ), Table 8.1 illustrates that an important share (21 percent) of countries feature bureaucracies in which both meritocracy and politicization are high. In these countries, recruitment prioritizes personnel with not only professional skills but also political proximity. As political proximity may in part be sought for private goods provision – for instance to facilitate the targeting of goods to partisans – politicization is deducted from the professionalization score.

**Table 8.1 Meritocracy and Politicization Dummy Tabulation<sup>127</sup>**

		Table 8.1.A Frequencies			Table 8.1.B Proportions			
		<i>Politicization</i>		Total	<i>Politicization</i>		Total	
<i>Meritocracy</i>	No (=0)	No (=0)	Yes (=1)	Total	No (=0)	No (=0)	Yes (=1)	Total
	No (=0)	4	43	47	No (=0)	4%	40%	44%
	Yes (=1)	38	22	60	Yes (=1)	35%	21%	56%
	Total	42	65	107	Total	39%	61%	100%

Note also that the professionalization indicator measures the criteria to select personnel in practice, rather than the formality relied upon to recruit personnel. Hiring of public sector employees via formal examination systems is only weakly correlated with meritocracy ( $r=0.34$ ) and lack of politicization ( $r=0.28$ ) according to QoG survey data (see Table 8.4). In fact, an important share of countries count on formal examinations, yet not meritocratic recruitment (21 percent), or meritocratic

<sup>127</sup> Dummies are set to 1 where responses exceeded the mean value of the response scale and 0 otherwise.

recruitment, yet not formal examinations (10 percent) (see table 8.2). This is consistent with the findings in chapter 4. Formal examinations are vulnerable to manipulation in weak institutional contexts; at the same time, professionalization may advance through meritocratic patronage without examinations. Actual practices rather than formal procedures are thus the more appropriate proxy measure for professionalization.

**Table 8.2 Meritocracy and Formal Examinations Dummy Tabulation**

		Table 8.2.A Frequencies			Table 8.2.B. Proportions			
		<i>Formal Examinations</i>			<i>Formal Examinations</i>			
<i>Meritocracy</i>		No (=0)	Yes (=1)	Total	No (=0)	Yes (=1)	Total	
		No (=0)	25	22	47	23%	21%	44%
		Yes (=1)	11	49	60	10%	46%	56%
		Total	36	71	107	33%	67%	100%

The statistical analysis thus steers clear of validity concerns plaguing studies relying on formal procedures and norms as dependent variables (see, among many, Folke et al., 2011; Hollyer, 2011a; Hollyer, 2011b; Mueller, 2009; Ruhil, 2003; Ruhil & Camões, 2003). At the same time, enhanced measurement validity comes at a cost. The cross-sectional QoG survey data does not permit measuring changes in professionalization. As the theory seeks to explain change, this is an important shortcoming. In conjunction with endogeneity concerns and data limitations further detailed below, the ambitions of the statistical plausibility probe are thus invariably limited to providing tentative – rather than conclusive – evidence.

The key explanatory variable of interest – institutions allocating patronage control – comprises, as noted, institutions which shift patronage benefits to public employees and institutions which shift patronage control to government branches beyond the executive. The former may be plausibly operationalized based on existing data.<sup>128</sup> Data to operationalize the latter, however, is unavailable.<sup>129</sup> What existing data

<sup>128</sup> As a caveat, global data on public sector unionization density is unavailable (ILO, 2013).

<sup>129</sup> Large-n data on legislative powers over personnel only extends to legislative authority to approve personnel expenditures in the budget, yet not to, for instance, legislative sway over salary setting or the creation of positions (International Budget Partnership, 2013). At the same time, the overlap in the

does permit for this latter component of the theory, however, is a tentative test of an important empirical implication of the theory.

Institutions shifting private goods benefits of patronage bureaucracies to public employees are operationalized by bureaucratic job stability. Job stability may be measured by the QoG survey question “Once one is recruited as a public sector employee, one stays a public sector employee for the rest of one’s career?” Job stability is, of course, not without flaws as an operationalization of the inability of incumbents to dismiss public employees *and* the ability of public employees to collectively bargain for generalized benefits. Public employees may leave the public sector voluntarily even when incumbents are unable to dismiss them; may count on job stability even where incumbents are able to – but choose not to – dismiss personnel; and may choose not to – or be legally unable to – organize collectively even when counting on job stability.

Notwithstanding these concerns, however, we may expect job stability to be a prerequisite for the ability of public employees to claim part of the private goods benefits of patronage bureaucracies. As patronage bureaucracies are characterized by wage premiums (see U. Panizza, 1999), public employees face limited incentives to depart voluntarily and incumbents enhanced incentives to dismiss appointees of predecessors. Job stability absent tenure protections should thus be infrequent, except where turnover of incumbents is not forthcoming. When incumbents stay in office, their appointees may enjoy job stability even absent tenure protections. The statistical analysis below adds a test with a sample restricted to countries with incumbent turnover to exclude cases where tenure protections and job stability may not coincide. Within this restricted sample, job stability may be assumed to proxy tenure protections. Tenure protections in turn are likely to be a necessary, albeit insufficient condition for public employees to bargain collectively for generalized benefits; where such protections are absent, incumbents may dismiss public employees when these seek benefits which constrain incumbent patronage control.

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coverage of the QoG data and data on legislative authority over personnel expenditures is too limited to permit meaningful statistical analyses.

Contrary to institutions shifting patronage benefits to public employees, there is no large-n data with which to plausibly operationalize institutions allocating patronage control to government branches beyond the executive. As a testable empirical implication of the theory, however, we may expect countries with more pronounced political constraints on the executive to count on greater constraints on executive patronage control. Such political constraints may be captured by the Political Constraints Index V (Henisz, 2010). The Political Constraints Index measures the number of independent branches of government – including the number of houses of parliament, the judiciary and sub-federal entities; the extent of control of the governing coalition of these branches; and the extent of legislative fragmentation. The political constraints index is greater where governments face more independent branches of government; are less in control of them; and face a more fragmented legislature. Note that with increases in political constraints on the executive, we may also expect increases in constraints on executive patronage control. The Constraints Index increases with the independence – and, concomitantly, proper hiring authority – of other branches, such as the judiciary and sub-federal units; it increases when these branches and their hiring authority are not controlled by incumbents; and it increases where incumbents are less in control of the legislature – and thus of potential legislative faculties over patronage.

To construct a cumulative measure of the extent to which institutions deprive incumbents of patronage control, job stability and political constraints may be normalized to a 0 to 1 scale and, subsequently, added up with equal weights<sup>130</sup> to derive an ‘Index of Institutional Constraints on Incumbent Patronage Control’:

$$\text{Index} = [\text{Job Stability} + \text{Political Constraints}] / 2$$

Two objections to theory testing with this measure immediately come to mind – and should, hence, be addressed. First, job stability and political constraints on the executive could be considered proxy variables for good government in general

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<sup>130</sup> As the patronage control theory is indeterminate in regards to the relative causal weight of distinct institutions shifting patronage away from the incumbent, I assign equal weight to the two institutional components in the Index.

and, as a corollary, bureaucratic professionalization. Note, though, that, empirically, this objection is not sustained. Countries differ sharply in their institutional constraints on incumbent patronage control, with values ranging from 0.16 to 0.89 (Table 8.4); and this variation exists not only for professional but also for patronage bureaucracies: institutional constraints range from 0.16 to 0.83 for countries with negative professionalization scores. Moreover, the correlations of job stability ( $r=0.34$ ) and political constraints ( $r=0.43$ ) with bureaucratic professionalization are relatively low. The aforementioned objection may thus be refuted. Not less important, this finding provides further evidence for the assertion that there are – contrary to the assumptions of prior studies – large institutional differences across patronage bureaucracies.

Second, institutional constraints could – in the way the Index was constructed – affect professionalization through causal mechanisms other than those theorized. Job stability could facilitate professionalization by incentivizing public employees to invest in public sector-specific skills and learning on the job, for instance; with job stability, public employees could reap the benefits of these investments over a longer time period (see, for instance, Gailmard & Patty, 2007). The lack of a statistical association in prior studies between job stability and enhanced public goods provision – as proxied by economic growth and lower corruption – sheds doubt on this alternative causal mechanism, however (Dahlstroem et al., 2011; Evans & Rauch, 1999). Political constraints in turn could facilitate professionalization by strengthening the enforcement of professional civil service legislation. As noted, the political constraints score increases, among others, with independent judiciaries. To rule out this possibility, the statistical analysis below adds a test with the Political Constraints Index V disaggregated into its component parts. The test finds that the individual components of the Political Constraints Index – including an independent judiciary – are not statistically significant predictors of a more professional bureaucracy.

At the same time, descriptive statistics point to the plausibility of a causal relationship between the Index of Institutional Constraints on Incumbent Patronage Control and bureaucratic professionalization. The correlation of the Index with professionalization ( $r=0.52$ ) is larger than the corresponding correlations of each

of its components, job stability ( $r=0.34$ ) and political constraints ( $r=0.43$ ). Moreover, professional bureaucracies in which patronage is no longer the rule of the game – that is where merit has more weight than political criteria in recruitment – feature more frequently institutions depriving incumbents of patronage control. While patronage bureaucracies are evenly split between those counting on and those lacking institutional constraints on incumbent patronage control, professional bureaucracies are more than four times more likely to count on rather than lack such institutions (see Table 8.3).<sup>131</sup>

**Table 8.3 Professionalization and ‘Index of Institutional Constraints on Incumbent Patronage Control’ Dummy Tabulation<sup>132</sup>**

<b>Table 8.3.A Frequencies</b>				<b>Table 8.3.B Proportions</b>			
		<i>Institutional Constraints</i>				<i>Institutional Constraints</i>	
		No (=0)	Yes (=1)			No (=0)	Yes (=1)
<i>Professionalization</i>	No (=0)	28	28	Total	56	<i>Professionalization</i>	27%
	Yes (=1)	9	38		47		9%
	Total	37	66		103		37%

With the dependent and key independent variable clarified, control variable data shall be circumscribed. To reduce potential omitted-variable biases, controls seek to account for the range of explanatory factors discussed in the literature review (see Table 2.2 in chapter 2).<sup>133</sup> On the demand-side, these include per capita

<sup>131</sup> Dummies for professionalization are set to 1 for positive professionalization values and zero otherwise; dummies for institutions depriving incumbents of patronage control are set to 1 for Index values above 0.5 and 0 otherwise (see Table 8.3).

<sup>132</sup> The tabulation remains largely unchanged when restricting the sample to countries which, consistent with theoretical scope conditions, feature competitive executive elections. Such conditions may be proxied by scores of 6 or higher on the Executive Index of Political Competitiveness in the Database of Political Institutions (T. Beck et al., 2001). In the restricted tabulation, 24 percent of countries feature neither institutional constraints on incumbent patronage control nor professionalization (as compared to 27 percent in Table 8.3.B); and 27 percent constraints on incumbent patronage control, but no professionalization (the same percentage as in Table 8.3.B).

<sup>133</sup> Controls replicate Table 2.2 in chapter 2 with three exceptions. First, no control for war is included as the QoG country dataset does not - with the possible exception of Sudan - cover war zones. Second, due to data limitations, no controls for the presence of collective actors pressing for professionalization is included. As prior studies had found collective action to be an anomaly, however, its omission is unlikely to cause significant omitted variable bias (see chapter 2). Lastly – and again due to data limitations – no control for private sector employment opportunities is included. Included controls with high collinearity to such opportunities – such as per capita incomes – should, however, capture at least part of their causal effect.

incomes (in logarithmic form), education levels (percent of population with secondary education), urbanization (percent of population), ethnic fractionalization (as operationalized in Alesina, Devleeschauwer, Easterly, Kurlat, & Wacziarg, 2003), natural resource rents (as a percent of GDP), foreign aid (net official development assistance receipts as percent of GNI) and the openness of the economy (trade as a percent of GDP). On the supply side, controls include the Polity2 indicator of the Polity IV series as a proxy for democratic development; the executive index of political competitiveness from the Database of Political Institutions (DPI) as a proxy for electoral competition; the age of the chief executive's party as a proxy for political time horizons; the programmatic orientation of political parties as a proxy for party organization (following Cruz & Keefer, 2013); the size of government (percent of GDP) and five-year growth in government spending (purchasing power parity-adjusted on a per capita basis) as a proxies for shifts in patronage budgets and potential principal-agent problems in patronage networks<sup>134</sup>; dummies for variation in electoral institutions, including proportional representation and mean district magnitudes, and an ordinal variable to differentiate presidential, assembly-elected presidential and parliamentary systems.

As illustrated in Table 8.4, the correlations of these variables with bureaucratic professionalization are largely consistent with literature predictions. Professionalization is strongly correlated with per capita incomes and education as well as – as more contested in the literature – democracy and parliamentary systems ( $r \geq 0.4$  for all variables). Moreover, it is positively, albeit not strongly, correlated with programmatic party organizations, longer political time horizons, electoral competition, openness of the economy, urbanization and faster growing governments; and negatively, albeit not strongly, correlated with greater foreign aid receipts, larger governments, greater ethnic fractionalization, larger electoral districts and proportional representation.

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<sup>134</sup> Compensation of public employees rather than total government spending would be a more accurate operationalization, yet is only available for roughly half as many countries.

**Table 8.4 Summary Statistics and Correlations**

<i>Variable</i>	<i>Data Source</i>	<i>Obs</i>	<i>Mean</i>	<i>Std Dev</i>	<i>Min</i>	<i>Max</i>	<i>r with Prof</i>
<b>Dependent variables</b>							
Bureaucratic Professionalization (Prof)	Dahlström, et al. (2011)	106	-0.08	2.26	-4.36	4.75	1.00
Professionalization (Ordinal)	Dahlström, et al. (2011)	106	-0.11	2.34	-5	5	0.99
<b>Key explanatory variable</b>							
Index of Institutional Constraints on Incumbent Patronage Control	Author's own calculation	103	0.57	0.17	0.16	0.89	0.51
Job stability	Dahlström et al. (2011)	106	0.62	0.19	0.11	0.96	0.34
Political Constraints V	Henisz (2010)	165	0.42	0.31	0.00	0.89	0.43
<b>Demand-side control variables</b>							
GDP per capita (log)	World Bank (2012c)	214	8.21	1.55	5.02	11.29	0.53
% of Population with secondary education	Barro & Lee (2010)	159	56.24	28.43	2.00	100.00	0.40
Ethnic Fractionalization	Alesina et al. (2003)	186	0.44	0.26	0.00	0.93	-0.25
Urban Population (% of total)	World Bank (2012c)	241	57.12	23.58	10.64	100.00	0.28
Natural Resources (% of GDP)	World Bank (2012c)	216	8.89	13.66	0.00	74.61	-0.14
Net Official Development Assistance Per Capita	World Bank (2012c)	233	94.6	217.9	-14.4	1728.7	-0.35
Trade (% of GDP)	World Bank (2012c)	209	89.18	48.73	22.77	432.87	0.08
<b>Supply-side control variables</b>							
Democracy (Freedom House Polity 2)	Hadenius & Teorell (2005)	162	6.31	3.08	0.00	10.00	0.41
Electoral Competition (Executive Index of Pol. Competitiveness)	Beck et al. (2001)	174	6.05	1.75	2.00	7.00	0.09
Time Horizons (Age of Party of Chief Executive)	Beck et al. (2001)	143	35.78	31.93	0.00	162.00	0.31
Party Organization (Programmatic Orientation)	Cruz & Keefer (2013)	172	0.57	0.50	0.00	1.00	0.09
Size of Government (% of GDP)	Heston et al. (2012)	185	12.14	9.03	2.87	52.97	-0.14
5-year growth in real public per capita spending	Heston et al. (2012)	173	16,707	41,409	-118,575	336,848	0.26
Political system (Presidential/Parliamentary)	Beck et al. (2001)	172	0.78	0.94	0.00	2.00	0.47
Proportional representation	Beck et al. (2001)	159	0.62	0.49	0.00	1.00	-0.09
Mean District Magnitude	Beck et al. (2001)	157	18.72	56.11	0.72	450.00	-0.10

## *Econometric Model and Estimation Technique*

For the statistical plausibility probe, two specifications are employed. First, bureaucratic professionalization is regressed on the ‘Index of Institutional Constraints on Incumbent Patronage Control’ and control variables in an Ordinary Least Squares (OLS) regression. Subsequently, to account for the delimitation of the values of the dependent variable from, theoretically, -6 to +6, the OLS specification is complemented by an ordered logistic specification with the same set of controls. Both the OLS and ordered logistic regression feature the following specification:

$$\text{Professionalization}_i = \beta_0 + \beta_1 \text{Index}_i + \boldsymbol{\beta}_2 \text{Demand}_i + \boldsymbol{\beta}_3 \text{Supply}_i + \varepsilon_i$$

Where  $\text{Professionalization}_i$  and  $\text{Index}_i$  stand for the key dependent and explanatory variable of interest,  $\boldsymbol{\beta}_2$  and  $\boldsymbol{\beta}_3$  represent vectors for the aforementioned set of demand-side and supply-side control variables respectively,  $\beta_0$  is the intercept and  $\varepsilon_i$  the error term. The subscript  $i$  represents cross-sectional units, i.e. countries. As noted, professionalization is an ordinal variable with a theoretical range from -5 to +5 in the ordered logistic regression, and a continuous variable with a range from -4.4 to +4.8 in the OLS regression.

Several objections to this simple model may be raised. Most crucially, it lacks a temporal dimension. For a robust statistical test, constraints on incumbent patronage control would need to be associated with changes rather than levels of professionalization. Moreover, we may expect lags in the effect of the Index on bureaucratic professionalization as well as reverse causation between professionalization and several of the explanatory variables, in particular per capita incomes. The cross-sectional rather than panel nature of the QoG survey data in conjunction with the absence of a suitable instrument for the Index imply that these endogeneity concerns cannot be addressed appropriately. This, of course, underscores once more the importance of interpreting the results with caution. They may, as noted at the outset, only provide tentative evidence for the generalizability of the patronage control theory beyond the four cases studied.

### *Empirical Results*

For both the OLS and the ordered logistic specification, professionalization is regressed on a baseline model containing only demand-side factors as well as a full model which additionally includes supply side factors (Table 8.5 and Annex G.1). For the key explanatory variable, results are consistent across all specifications and models: the Index is a statistically significant predictor of professionalization. It reaches the 5 percent significance level in both demand-side models, and the 10 percent significance level in both full models. The effect also appears to be substantively important. To illustrate, in the full OLS model, professionalization – which theoretically ranges from -6 to +6 – increases by 3.1 when the Index increases from zero to its maximum value of one.

Also note that, when disaggregating the Index into its two components, only job stability remains significant – at the 1 percent (demand-side models) and 5 percent level (supply side models) respectively. For the validity of the patronage control theory, this is less concerning than it may appear. Job stability is a plausible operationalization of tenure protections. In contrast, the Political Constraints variable only tests an empirical implication of the theory – rather than the theory itself. Moreover, its high collinearity with several controls – such as political systems and electoral competition – attenuates any independent causal effect.

Beyond the Index, no other explanatory variable retains statistical significance across all specifications. As illustrated in Table 8.5 and Annex G.1, higher per capita incomes, more democratic regimes and less urbanization are – as expected by most studies – statistically associated with professionalization across all models in the Ordered Logistic Regression. In the OLS regression, however, only per capita incomes and urbanization retain significance – and this significance is limited to the baseline model. Moreover, electoral competition is statistically significant in both full models in the OLS regression – yet not in the Ordered Logistic Regression. Finally, note that, contrary to institutions allocating patronage control, none of the electoral institutions which prior institutional studies had focused on are statistically significant predictors of professionalization in any of the specifications or models.

**Table 8.5 OLS Regression Results: Bureaucratic Professionalization**

	Demand-Side	Demand-Side, Disaggregated Index	Full Model	Full Model, Disaggregated Index
Institutional Constraints on Incumbent Patronage Control	3.51**		3.06*	
(t-stat)	-1.42		-1.81	
Tenure Protections		0.45***		0.45**
(t-stat)		-0.17		-0.22
Political Constraints		0.82		-0.07
(t-stat)		-1.02		-1.54
GDP per capita (log)	1.00***	1.05***	0.57	0.66
(t-stat)	-0.3	-0.31	-0.44	-0.44
Secondary education	0	0.01	0.01	0.01
(t-stat)	-0.01	-0.01	-0.01	-0.01
Ethnic fractionalization	1.08	1.4	0.73	1.07
(t-stat)	-0.94	-0.97	-1.09	-1.12
Urbanization	-0.03**	-0.03**	-0.03	-0.02
(t-stat)	-0.02	-0.02	-0.02	-0.02
Natural Resources	0	-0.01	0.05*	0.04
(t-stat)	-0.02	-0.02	-0.03	-0.03
Trade	0	0	0	0
(t-stat)	-0.01	-0.01	-0.01	-0.01
Official Development Assistance	0	0	-0.01	-0.01
(t-stat)	-0.01	-0.01	-0.01	-0.01
Democracy			0	0
(t-stat)			0	0
Political Competition (Exec)			0.45*	0.51**
(t-stat)			-0.23	-0.23
Age of Executive Party			-0.54	-0.44
(t-stat)			-0.45	-0.45
Programmatic Party			0.01	0.01
(t-stat)			-0.01	-0.01
Size of Government			-0.92	-0.9
(t-stat)			-0.74	-0.73
Growth of Government			0.08	0.09
(t-stat)			-0.07	-0.07
Political System (Presidential vs. Parliamentary)			0.16	0.11
(t-stat)			-0.33	-0.33
Proportional representation			-0.68	-0.73
(t-stat)			-0.55	-0.55
District magnitude			0	0
(t-stat)			0	0
Constant	-9.22***	-10.49***	-5.37	-8.28*
(t-stat)	-1.99	-2.15	-3.79	-4.32
Observations	94	94	78	78
R-squared	0.41	0.421	0.498	0.512
Standard errors in parentheses				
*** p<0.01, ** p<0.05, * p<0.1				

A range of robustness tests confirm the statistical significance of the Index of Institutional Constraints on Incumbent Patronage Control. The Index remains significant at the 1 percent, 5 percent or 10 percent levels when employing an ordered probit instead of an ordered logistic model. It also remains significant in both the OLS and ordered logistic model in a range of theoretically relevant restricted samples: countries with competitive executive elections<sup>135</sup>; countries with recent incumbent turnover<sup>136</sup> and, as such, countries for which we would expect job stability to depend upon tenure protections; and countries with presidential systems in which we would, due to divided government, expect institutional separation of (patronage) powers to coincide more frequently with incumbents being deprived of patronage control.<sup>137</sup> Moreover, when disaggregating the dependent variable, institutional constraints on incumbent patronage control are a statistically significant predictor of meritocracy across all models and specifications (Table 8.6); and a statistically significant predictor of politicization in both baseline models. In the full model for politicization, tenure protections – yet not the aggregate institutional constraints measure – are a statistically significant predictor of lower politicization in both specifications (Annex G.2).

Lastly, when disaggregating the Index into job stability and the individual components of the Political Constraints variable, none of the latter's components – including independent judiciaries – are statistically significant predictors of bureaucratic professionalization in any of the specifications or models. Rival causal mechanisms – such as more professional bureaucracies through more independent enforcement of professional civil service legislation in court – may thus be ruled out.

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<sup>135</sup> Competitive executive elections are proxied by scores of 6 or higher on the Executive Index of Political Competitiveness in the DPI.

<sup>136</sup> Recent incumbent turnover is proxied by a score of less than 10 in the number of years the party of the chief executive has been in office according to the DPI.

<sup>137</sup> Note that, consistent with this argument, the Index does not exert a significant effect when the sample is restricted to parliamentary systems.

**Table 8.6 OLS and Ordered Logistic Regression Results: Meritocracy**

	<b>OLS: Full Model</b>	<b>OLS: Full Model, Disaggregated Patronage Constraints</b>	<b>Ordered Logit: Full Model</b>	<b>Ordered Logit: Full Model, Disaggregated Patronage Constraints</b>
Institutional Constraints on Incumbent Patronage Control	2.08**		4.45**	
(t-stat/z-scores)	-0.85		-1.99	
Tenure Protections		0.25**		0.56**
(t-stat/z-scores)		-0.1		-0.24
Political Constraints		0.42		0.73
(t-stat/z-scores)		-0.73		-1.64
Full Model Controls	Yes	Yes	Yes	Yes
Observations	78	78	78	78
(Pseudo) R-squared	0.52	0.53	0.23	0.23
Standard errors in parentheses				
*** p<0.01, ** p<0.05, * p<0.1				

In sum, the statistical plausibility probe provides suggestive evidence for a causal effect of the patronage control theory beyond the four qualitative cases studied. The Index proxying the extent to which institutions deprive incumbents of patronage control was statistically significant across all models and specifications, and – among 17 prominent explanatory factors – only one to exhibit such cross-specification and cross-model significance. Moreover, it was shown to be substantively important. Nevertheless, these findings may not lend more than tentative credence to the large-n generalizability of the theory. Data limitations thwart a more definite statistical test which could address a wider set of measurement and endogeneity concerns.

### Conclusion:

#### **The Causal Power of Institutions Allocating Patronage Control**

Both quantitative and qualitative evidence underscored the causal power of the patronage control theory, even if only suggestively. Qualitative evidence was thereby more conclusive. The patronage control theory shed new light on two of the most paradigmatic cases of bureaucratic professionalization in the literature: the U.S. and the UK. At least two of the theorized causal mechanisms travelled to the two countries:

professionalization advanced to deprive challengers of patronage control and due to an inability of incumbents to compete electorally based on patronage alone. As such, the theory was also – and remarkably – portable beyond presidential systems to parliamentary regimes; I will return to this finding in the concluding chapter. The two cases also suggested that institutions were not merely intervening variables. Instead, the factors which originated them were distinct from those incentivizing professionalization. Reform was thus an unintended consequence of prior institutional choices. As in Paraguay, the origins of the countries' professional bureaucracies thus lay in the fragmented institutional design of their patronage states.

The statistical plausibility probe added, albeit tentatively, evidence for the generalizability of the theory beyond the four cases studied. Not less important, its large-n data showcased wide institutional differences among patronage states. It thus reaffirmed once more that the conflation assumption of prior studies of patronage and its reform is not warranted. Patronage bureaucracies are not all the same – and, as I showed throughout this dissertation, institutional differences among them matter for bureaucratic professionalization.

With credence to generalizability lent, a discussion of the broader implications of the theory and the dissertation at-large for the study of patronage, institutions and good government is due. It is to this task that the concluding chapter turns.

# 9

## Conclusion: **Patronage, Institutions and the Causes of Good Government**

To most developing countries, patronage reform remains a Holy Grail. It is as important for their development as it is elusive to achieve. This dissertation has shed new light on when this Holy Grail can be found. It has done so by developing and empirically validating a theory of patronage reform. The theory draws its inspiration from a simple recognition: not all patronage states are the same; instead, they differ in their formal institutional design; one such difference lies in the institutional locus of control over patronage; and patronage reform incentives of incumbent Presidents and Prime Ministers are systematically shaped by this institutional variation.

More specifically, I theorized that incumbents face greater professionalization incentives where institutions deprive them of patronage control. Two types of institutions are at play: institutions which shift control over patronage to other government branches and institutions which shift the private goods benefits of patronage states towards public employees. When facing such institutional constraints, incumbents are incentivized to professionalize to cut off patronage access of electoral challengers; elicit cooperation from tenured appointees of preceding incumbents; and shift electoral competition towards public goods provision in the context of an inability to compete based on patronage alone. As incumbents are (usually) legally empowered to professionalize, they are *able* to professionalize at least part of the state when facing *incentives* to do so.

The empirical results from the comparative case study of Paraguay and the DR in this dissertation provided strong evidence in support of the patronage control theory. As I demonstrated in chapter 8, the theory also helped explain patronage reform in two classic cases: the U.S. and the UK; and was found to be a predictor of

professionalization in large-n, cross-country expert survey data on the structure of government.

Case evidence also underscored that institutions allocating patronage control had causal efficacy of their own, rather than merely reflecting deeper causes. Consequently, professionalization emerged in Paraguay, the U.S. and the UK as unintended consequences of institutional choices made in patronage states several decades before. The origins of professional bureaucracies thus lay in the fragmented institutional design of patronage states.

The implications of this theory for the study of patronage reform are three-fold. The theory nuances the scholarly understanding of the institutional heterogeneity of patronage states; it adds a powerful theory and hitherto omitted variable – institutions allocating patronage control – to studies of patronage reform; and its interaction with key variables in the literature resolves contradictory findings regarding the signs of their causal effects (see, for instance, Geddes, 1996; Grzymala-Busse, 2007; Lapuente & Nistotskaya, 2009; O'Dwyer, 2006). Whether or not electoral competition or the rise of political outsiders incentivizes professionalization, for instance, hinges, *ceteris paribus*, upon whether or not institutions deprive incumbents of patronage control.

The preceding chapters of this dissertation shed fresh light on patronage and its reform in several additional ways. Chapter 2 contained an important conceptual innovation. Prior studies had restricted patronage to the power to appoint. In doing so, they may have missed the lion share of patron powers over public servants. To overcome this shortcoming, I re-conceptualized patronage as discretionary power over public personnel, including not only appointment, but also promotion, pay and dismissal. In the same chapter, I also addressed the tail end of the *unilinear* view of patronage and its reform in the literature: not all reform roads lead to Weber. In prior studies, distinct components of a Weberian bureaucracy – in particular merit and tenure – were assumed to occur together in practice. Yet, their political determinants are, as I show, distinct. Future studies would thus do well to disaggregate distinct Weberian ideal-type reforms into distinct dependent variables; part of the scholarly dissent regarding the role of, for

instance, electoral uncertainty or public employees demanding reform may be resolved by doing so. At the same time, professionalizing patronage states requires merit only – rather than also or instead tenure.

In chapter 4, I demonstrate that meritocracy in practice rather than law matters for professionalization. Merit laws are neither necessary nor sufficient for merit in practice. Outlawing the spoils is thus an illusion. The wave of studies operationalizing patronage reform with the passage of civil service legislation thus suffers from serious validity limitations. Future studies would do well to focus on reform in practice instead. To account for reform in practice, chapters 5 and 6 suggest that *incentives* rather than *ability* to reform is the key explanandum on the supply side. It is axiomatic to note that both are needed. As I showcase, however, incumbents facing *incentives* to reform tend to be *able* to do so – even if only incrementally. This revises prior convictions about the centrality of the “politician’s dilemma” in patronage reform – the inability of incumbents to reform even if they wished to do so (Geddes, 1996).

For studies seeking to explain reform *incentives*, the two chapters also underscore that demand-side factors matter principally by shaping voter preferences for public and private goods. Collective action to demand reform is a tall order: bureaucrats, business associations, civil society organizations and donor organizations all tend to lack either the *ability* or *incentives* – or both – to bring about reform. Similar findings elsewhere are thus confirmed (Grindle, 2012; R. Johnson & Libecap, 1994).

Lastly, the dissertation also illuminates in chapter 7 why public servants enjoy tenure protections in some patronage states, yet not in others. According to prior studies, incumbents should gift tenure to their appointees in a range of contexts. Yet, they frequently do not. An empirical implication of the patronage control theory may account for this conundrum. Incumbents resist tenure as it jeopardizes their patronage control and electoral mobilization capacity: it disincentivizes bureaucratic performance and electoral campaign support while facilitating collective action for higher pay.

In short, this dissertation has revised predominant scholarly convictions about the concept of patronage; the heterogeneity of patronage states and their reforms;

the appropriate operationalization of such reforms; and, most importantly, the determinants of merit and tenure reforms in patronage states.

In this concluding chapter, I will discuss the implications of these findings for patronage reform prospects, practitioner approaches to reform and the study of institutions and good government. The rationale for the first two discussions is simple. As noted in chapter 1, patronage reform is motivated by a normative concern: reform entails important development benefits. Identifying whether and how the holy grail of patronage reform will come within increasing reach speaks to this concern. The third implication is more scholarly in nature. The patronage control theory departs from conventional academic wisdom about which political institutions matter and what role they play in good government. To conclude this dissertation, I will discuss what lessons this departure holds for the study of institutions and good government in new democracies.

### **Implications for the Prospects of Patronage Reform**

The patronage control theory is good and bad news for the prospects of patronage reform in the cases studied and the world at-large. For Paraguay, it is good news: its institutional set-up should incentivize reform whenever challengers control the legislature. For the DR, it is bad news: no similar reform incentives exists. And, indeed, current reforms mirror theoretical predictions. In Paraguay, Horacio Cartes won the 2013 Presidential elections on a Colorado Party ticket – even though he had only joined the ANR during the Lugo administration. As a relative outsider inside the ANR, Cartes faced ANR legislators among his main power contenders (Pompa, 2014). Once in office, Cartes rekindled Lugo’s patronage reforms. In 2014, almost 15,500 vacancies were filled through examinations – more than in any year during the Lugo administration (SFP, 2014). With institutions depriving them of patronage control, both Lugo as a former priest and Cartes as one of Paraguay’s richest men – and an alleged narco-trafficker (Insight Crime, 2013) – thus chose to professionalize; and in both instances, ANR legislators featured among the main reform opponents. In contrast, professionalization under the DR’s current President Danilo Medina has not advanced. With institutions

monopolizing patronage control in the Presidency and the PLD firmly in control of state institutions, Medina lacks similar reform incentives.

For reform in the remainder of the world, the patronage control theory does not paint a bright picture either. On an upside, the theory suggests that reform incentives may emerge unintendedly as consequences of institutional choices in patronage states. As I shall detail below, reformers may thus wish to focus their institutional engineering efforts in patronage states on designs which make patronage reform more incentive-compatible – rather than pushing patronage reforms which are politically-irrational for incumbents to implement. At the same time, however, recent institutional choices in many new democracies do not bode well for reform. Latin America, for instance, has seen a trend towards hyper-presidentialism and, concomitantly, an increased Presidential monopoly over patronage control (Zovatto, 2014). Other regions have witnessed similar trends (see, for instance, Van de Walle, 2003). While patronage states still vary in their institutional allocation of patronage control (see chapter 8), the centralization of patronage control makes it, *ceteris paribus*, less likely that incumbents will opt for reform. In Latin America’s patronage states, for instance, hyper-presidentialism has been paralleled by reforms which were largely circumscribed to changes in form rather than practice (IDB, 2014). The prevalence of “paper leviathans” thus persists (Centeno & Ferraro, 2013, p. 399).

Regrettably, patronage reform is thus also least likely to advance in countries where it would be most beneficial. Where incumbents monopolize patronage control, reform disincentives are not the only undesirable consequence. Monopolized patronage control also amplifies the incumbency advantage in electoral contest. At worst, resource asymmetries can lead to “hyper-incumbency advantages” which tilt the electoral playing field towards competitive authoritarianism rather than democracy proper (Greene, 2007, p. 39; Levitsky & Way, 2010). In other words, the prospects for democracy *and* bureaucracy suffer where institutions centralize patronage control in the Presidency or Prime Ministerial office.

## Implications for Practitioner Approaches to Patronage Reform

As noted in the introductory chapter, patronage reform takes centre stage in development assistance projects, yet projects continue to fail. The findings in this dissertation offer three guideposts for improving this track record. First, donors would do well to be more selective in choosing which countries to assist. As I showed in chapter 2, patronage persistence – and thus reform failure – is frequently overdetermined: bad government tends to be good politics. To understand where good government could be good politics, reform assistance needs to be grounded in not only technical diagnoses of civil service systems, as is customary; but also political diagnoses of patronage systems. Such diagnoses would also uncover the institutional allocation of patronage control. As argued, reform projects are more likely to succeed where institutions deprive incumbents of patronage control.

Second, donors should focus support on patronage reform in practice. Legal changes do not trigger professionalization in practice. Rather, donor support for them may encourage patronage in practice. Such support legitimizes ‘window dressing’ incumbents who may, concurrently, exploit patronage in practice to the fullest.

Third, where patronage reform is not incentive-compatible, donors should focus their “passion [for] institutional engineering” on institutions which enhance the incentive-compatibility of reform (Przeworski, 2004, p. 529) – rather than pressing for a reform which is irrational for incumbents to pursue. This dissertation suggests that institutions which deprive incumbents of patronage control, yet not of their ability to professionalize may be particularly conducive to this end.<sup>138</sup> As noted, two types of institutions may fit the bill: those which shift patronage control towards the legislature and other government branches; and those – such as tenure – which shift private goods benefits to public employees. The latter set of institutions amounts to a reform prescription which is diametrically juxtaposed to the NPM paradigm and prevalent donor recommendations. Without wishing to gloss over their diversity, NPM-based prescriptions tend to prioritize performance incentives arising from flexible employment

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<sup>138</sup> Such second-best institutional reforms, of course, may similarly – yet need not – be incompatible with incumbent incentives.

relations (see Hood & Lodge, 2006). Donor accounts even go as far as terming tenure and the concomitant corporate power for public servants the “merit trap” (Shepherd, 2003, p. 16). This dissertation suggests that these negative performance incentives may well pertain (see chapter 7). At the same time, they tend to be minor given that the requisite professional qualifications to perform are limited in patronage states; and, more importantly, be outweighed by the benefit of enhanced incumbent professionalization incentives. As I demonstrated in chapter 5, tenure incentivizes merit reform: merit may thus follow tenure in patronage reforms. With that in mind, donors would do well to re-consider the merits of tenure when seeking to bring about merit reforms.

### **Implications for the Study of Institutions and Good Government**

In this dissertation, I have argued for a causal role in good government of what Carey (2000, p. 735) terms “parchment” institutions – laws, constitutions and other formal rules of the game. Doing so may appear to preach to the converted. After all, “it has become a platitude over the last two decades to declare that ‘institutions matter’” (Lodge, 2006, p. 279) In patronage states, however, this assertion is frequently turned upside down. Marked by the un-rule of law, such states are argued to feature “weak institutional environments;” formal institutions are “neither minimally stable nor routinely enforced” (Levitsky & Murillo, 2009, p. 116; 2013, p. 93; O'Donnell, 1998). As a result, research on “the political economy of developing countries ... [is] implicitly grounded in an assumption that formal rules have only weak or substantively uninteresting political effects.” (Levitsky & Slater, 2011, p. 2) This, of course, motivates the front end of the *unilinear* view of patronage and its reform in the literature: if institutions do not matter in patronage states, then all patronage states may be assumed to be the same.

This dissertation suggests that the reality of the causal efficacy of institutions in patronage states lies – as elsewhere in the world (cf. Carey, 2000; Levitsky & Slater, 2011) – somewhere between the extremes of ‘institutions matter’ and ‘institutions may be assumed away’. As I showcased in chapter 4, institutions may

indeed be ephemeral in patronage states: merit-based civil service legislation is not a predictor of merit-based civil service management in practice. At the same time, discounting the causal role of formal institutions in patronage states altogether – as much scholarly research implicitly or explicitly does – is not warranted. Institutions allocating patronage control did matter.<sup>139</sup> Strong formal institutions may thus exist in weak institutional contexts. The resulting conundrum is clear: when do formal institutions in patronage states shape the opportunities and constraints of actors – and when do they not?

Scholars “still have little theoretical knowledge” to explain such variation in institutional strength (Levitsky & Slater, 2011, p. 21). This dissertation adds to building such knowledge. It showed that institutions allocating patronage control were binding as they were largely self-referencing and self-enforcing: the principal beneficiaries of institutions (de)centralizing patronage control were, at the same time, able to veto their re- or de-centralization<sup>140</sup> and able to ensure, at least to some extent, their enforcement (see chapters 5 and 8). In other words, formal institutions may be strong in weak institutional settings if those benefiting from them may veto their undoing and ensure their enforcement. Where such conditions are absent – as in the case of merit laws and other ‘window dressing’ institutions borrowed from abroad – ephemerality prevails. This conclusion is similar – but adds nuance – to prior studies which had emphasized the importance of congruence between rule-makers and rule-enforcers or actors with formal rule-making authority and actors with *de facto* power (Levitsky & Murillo, 2009; Mahoney & Thelen, 2010).

If strong formal institutions exist in weak institutional contexts, then formal institutions may also shape the transition from weak to strong institutional contexts. This upends scholarly convictions about the relevance of institutions as consequences – rather than also causes – of the demise of patronage, clientelism and bad government. Having said that, this dissertation is, of course, not the first to argue

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<sup>139</sup> This is, of course, not to say that such institutions are always sticky and binding (cf. Hallerberg et al., 2009).

<sup>140</sup> As I showed in chapters 5 and 8, however, actors benefiting from patronage access were, concurrently, not always able to veto patronage reform.

for the causal weight of formal institutions in bringing about good government. As I outlined in chapter 2, several studies have examined the causal role of electoral institutions, executive-legislative relations and territorial decentralization in good government. Causal effects, however, have been contested or unidentifiable.

Recall that electoral institutions were found to be in the causal spotlight of influential single-case studies (see, for instance, Ames, 1995), yet lacking causal weight in larger-n studies (Cruz & Keefer, 2013; Kitschelt, 2011). Their role is thus “highly equivocal.” (Gerring & Thacker, 2004, p. 298) The effect of broad differences in executive-legislative relations – whether regimes are presidential or parliamentarian – is no less contested. Some studies find a positive effect of parliamentary systems (Gerring & Thacker, 2004; Gerring et al., 2009); some argue for the opposite in patronage states (Shugart, 1999); and some find no effect at all (Cruz & Keefer, 2013; Kitschelt, 2011). Inconsistent effects have also been identified for territorial decentralization. Kenny (2013) and Grindle (2012) find that decentralized patronage complicates reform by multiplying the number of reform veto players. Other scholars add evidence for a pernicious effect on good government more generally (see, among many, Gerring & Thacker, 2004). A second set of cross-country studies finds the opposite effect, however (see, for instance, Fan, Lin, & Treisman, 2009; O'Dwyer & Ziblatt, 2006).

With contradictory or unidentifiable causal effects, these institutions are found to be “not particularly useful” in accounting for the demise of clientelism, patronage and bad government (Kitschelt & Wilkinson, 2007a, p. 44). Unsurprisingly, most studies of weak institutional contexts disregard the (inconsistent) effects of these formal institutions. Instead, they assume that all patronage states are the same. At the same time, “whether other democratic institutions may have an impact ... has been less well specified and explored” (Kitschelt, 2011, p. 1) This dissertation did just that. It shows that, contrary to conventional scholarly wisdom, formal institutions may well cure patronage, clientelism and bad government. The institutions which matter, however, are not those which prior studies had narrowed in on. Consider the case of electoral institutions. Institutions which allocate control over patronage arguably shape

incumbent reform incentives much more directly than the presence of, for instance, open- as opposed to closed-list systems. Even where electoral institutions are not ephemeral – as they frequently are in new democracies (Remmer, 2008) – their incentive effects are thus likely to be overwhelmed by other factors (cf. Kitschelt, 2011).

Similarly, broad differences in democratic political systems – in particular presidential as compared to parliamentary regimes – tell us less about incumbent incentives to advance good government than scholars conventionally assume. Prior studies had frequently equated parliamentarism with power centralization and presidentialism with fragmentation. Power (de)centralization is posited to induce good and bad government through a range of mechanisms (see, for instance, Gerring & Thacker, 2004). The equation of parliamentary and presidential systems with (de)centralization of power is, however, not a valid cross-case assumption. Instead, as I find in this dissertation, it is a case-by-case empirical question. Presidential systems may allocate (patronage) powers solely to the Presidency as in the DR – or also to the legislature as in Paraguay and the U.S. Likewise, parliamentary systems may centralize patronage powers in the Prime Minister as prior studies had assumed or fragment such powers among legislators as historically in the UK (table 9.1).

**Table 9.1. Democratic Political Systems and Patronage Centralization**

		Political System	
		Presidential	Parliamentary
Patronage Powers	Centralized	DR (Fernandez)	
	Fragmented	Paraguay (Lugo) U.S. (Roosevelt)	UK (Gladstone)

Source: author's own elaboration

Consequently, parliamentary and presidential systems are each neither necessary nor sufficient for the (de)centralization of (patronage) powers. Inconsistent findings across studies equating presidential and parliamentary regimes with (de)centralized powers are thus unsurprising. The scholarly repercussion is straightforward. Valid insights into the causal effects of formal institutions in patronage

states require more nuanced specifications of political-institutional designs.<sup>141</sup> By identifying the institutions which allocate patronage control and their effect on one key aspect of good government – bureaucratic professionalization – this dissertation has taken an important step in this direction.

In doing so, this dissertation has also shed fresh light on the age-old debate surrounding the merits of centralization and fragmentation of power (Madison, 1787). It thereby sides with advocates of fragmentation in new democracies. For the case of patronage reform, this is a novelty. As noted, prior studies had argued that centralization induces reform by reducing the number of veto players (Grindle, 2012; Kenny, 2013; see also Lyne, 2008). As I have emphasized, though, incumbents tend to be able to reform at least part of the state;<sup>142</sup> and fragmentation of patronage powers adds to their incentives to do so. The causal mechanisms in this dissertation are thereby distinct from those posited in prior studies. In this dissertation, fragmentation is not theorized to be intrinsically benign to good government due to, for instance, better checks-and-balances, horizontal accountability or bureaucratic oversight by multiple principles (see, among many, Vile, 2012). Rather, the mechanism is a more intermittent and less noble one. As argued, fragmentation induces incumbents to shift towards good government to, among others, take away patronage from challengers and regain electoral competitiveness. Good government may thus arise from fragmented control over bad government.

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<sup>141</sup> More fine-grained analyses of institutional differences within presidential and parliamentary systems are, of course, mainstays in scholarly works (see, among many, Haggard & McCubbins, 2001). Possibly in part due to cross-country data limitations, these more fine-grained analyses have seldom travelled to theories of the demise of patronage and clientelism, however.

<sup>142</sup> As a corollary, the patronage control theory is most powerful in accounting for professionalization where patronage control is fragmented horizontally between distinct national branches of government – rather than vertically between national and subnational units; incumbents are less likely able to impose meritocratic recruitment and promotion for public servants of subnational units.

# Annex

## Annex A. Case Selection

### Annex A.1 Case Selection within Latin America

Among Latin America's patronage states, Paraguay under President Lugo (2008-2012) and the DR under President Fernandez (2004-2012) were selected based on four criteria: comparability in human development, electoral competition and electoral utility maximization as well as feasibility of field research. Levels of human development may be proxied by the United Nation's Human Development Index (table A.1). The exclusion of three countries at high levels of human development reduced the number of cases to seven. In these seven countries, incumbents could have expected to face comparable voter preferences for private and public goods. Electoral competition demanded the exclusion of two further cases in which victors dominated recent elections – as proxied by vote shares over 60 percent. Moreover, the electoral utility maximization assumption required the exclusion of one further case (Guatemala). No incumbent or governing party has, since the democratic transition, ever secured re-election in the country's "casino politics" (O. Sánchez, 2008, p. 130).

Table A.1 Case Selection

	Human Development Index (2012)	Competition for Presidential (re-)election (First round vote share of winner in last Presidential election before 2013 not above 60%)
Paraguay	Medium (0.669)	<b>Competitive</b> (2008 Presidential elections: 40.9%)
Dominican Republic	Medium (0.702)	<b>Competitive</b> (2012 Presidential elections: 53.8%)
Honduras	Medium (0.632)	<b>Competitive</b> (2012 Presidential elections: 56.6%)
El Salvador	Medium (0.680)	<b>Competitive</b> (2012 Presidential elections: 51.3%)
Ecuador	High (0.724)	<b>Competitive</b> (2010 Presidential elections: 52%)
Peru	High (0.741)	<b>Competitive</b> (2012 Presidential elections: 31.7%)
Panama	High (0.780)	<b>Competitive</b> (2010 Presidential elections: 60%)
Nicaragua	Medium (0.599)	<b>Limited competition</b> (2012 Presidential elections: 62.4%)
Bolivia	Medium (0.675)	<b>Limited competition</b> (2012 Presidential elections: 64.2%)
Guatemala	Medium (0.581)	<b>Competitive, but without incumbent re-election prospect</b> (2011 Presidential elections: 36.2%)

Sources: Beck, Clarke et al. (2001), UNDP (2012)

Among the remnant cases, Honduras and El Salvador were excluded for practical reasons. Honduras suffered a coup d'état, prolonged constitutional crisis and rule by a *de facto* regime in 2009-10. By the time of the dissertation field research (2012-13), reforms under the 2010-14 Lobo Presidency would have only seen initial implementation; and data collection on the 2006-09 Zelaya Presidency would have suffered from poor recall and respondent identification. El Salvador only saw governing party turnover in 2010 after two decades of ARENA rule. Reforms under the new administration would have only seen initial implementation; while recall and respondent identification challenges would have abounded in the measurement of professionalization under the ARENA versus prior administrations (see Annex C).

*Annex A.2 ‘Most Similar’ Cases Selected: Paraguay and the DR*

Explanatory Variable	Paraguay	Dominican Republic
<b>Form of Government</b>	<b>Presidential Democracy</b>	
<b>Electoral Institutions</b>	<b>List Proportional Representation</b>	
<b>Colonial Administrative Legacy</b>	<b>Hyper-legalism and Patrimonialism</b>	
<b>Pre-Reform Bureaucratic Rule of the Game</b> (IDB 2006)	<b>Patronage</b> (Merit in bureaucracy in 2004: 16/100 (Paraguay) and 19/100 (DR))	
<b>Societal Demand for Public/Private Goods</b>	<b>Human Development: Medium</b> (HDI 2012: 0.67 (Paraguay) and 0.70 (DR))	
<b>Donor Support</b>	<b>Support from Multiple Donors</b> , including the IDB	
<b>Policy Blueprint</b>	<b>Latin American Civil Service Charter</b>	
<b>Political Competition</b>	<b>Competitive Two-Party System</b> (Two largest parties claimed 31.1% and 26.7% (Paraguay); and 41.6% and 38.4% (DR) of votes in 2008 / 2010 congressional elections)	
<b>Incumbent Legislative Representation</b> (when coming to power <sup>143</sup> )	<b>Minority representation</b> (Incumbent party holds 1 of 45 (Paraguay) and 1 of 30 (DR) Senate seats, and 1 of 80 (Paraguay) and 36 of 126 (DR) Chamber of Deputies seats)	
<b>Per Capita Incomes</b> (2000 US-\$ in 2008)	<b>Lower Middle</b> \$1,519	<b>Middle</b> \$3,730
<b>Democracy</b> (Combined Freedom House (FH) score; scale 1-7; 2012)	<b>Partly Free</b> (FH Score: 3)	<b>Free</b> (FH Score: 2)
<b>Institutions Depriving Presidents of Patronage control</b>	<b>Strong</b> (Quasi-parliamentarian system)	<b>Weak</b> (Hyper-presidentialist system)

Sources: author’s own elaboration; data from Beck, Clarke et al. (2001), Bormann & Golder (2013); Freedom House (2012), IDB (2006), UNDP (2012), World Bank (2012c)

<sup>143</sup> For the DR, data on legislative representation is from 2004, i.e. the beginning of Fernandez’ second term and of the reform episode examined. When initially elected in 1996, Fernandez similarly counted on legislative minority representation: the PLD held 1 of 30 Senate seats and 13 of 120 Chamber of Deputies seats (Benito Sanchez, 2010c).

## Annex B. Interview Respondents<sup>144</sup>

### *Annex B.1 Interview Respondents in Paraguay*

Institution	Title
Presidency of the Republic	Advisor
Senate	Senator
Senate	Senator
Senate	Director
Senate	Director
Tribunal of Electoral Justice	Judge
Supreme Court	Judge
Judiciary School	Director
Ministry of Civil Service	Minister
Ministry of Civil Service	Minister
Ministry of Civil Service	Director General
Ministry of Civil Service	Director General
Ministry of Civil Service	Director General
Ministry of Civil Service	Director General
Ministry of Civil Service	Advisor
Ministry of Finance	Minister
Ministry of Finance	Vice Minister
Ministry of Finance	Director
Ministry of Finance	Advisor
Ministry of Finance	Coordinator
Central Bank	President
Central Bank	Director
Financial Development Agency	President
Ministry of Planning	Minister
Ministry of Health	Minister
Ministry of Health	Vice Minister
Ministry of Health	Director
Ministry of Health	Director
Social Provision Institute (IPS)	Director
Ministry of Education	Vice Minister
Ministry of Education	Vice Minister
Ministry of Education	Advisor
Ministry of Education	Director
Ministry of Culture	Director
National Council of Science	Secretary
Ministry of Agriculture	Vice Minister
Ministry of Public Works	Director
Itaipú Hydroelectric Dam	Director

<sup>144</sup> As respondent careers may comprise several respondent types, the classification is based on the respondents' most relevant (current or former) position for the interview protocol.

World Bank	Specialist
IDB	Specialist
UNDP	Project Official
UNDP	Project Official
UNDP	Project Official
USAID	Project Official
<i>Centro de Estudios Judiciales</i>	Director
CADEP	Director
CADEP	Researcher
Germinal	Director
DECIDAMOS	Analyst
<i>Instituto de Desarrollo</i>	Analyst
<i>Instituto de Desarrollo</i>	Analyst
GEAM	Coordinator
GEAM	Coordinator
<i>Transparencia Paraguaya</i>	President
CIRD	Project Coordinator
Universidad San Andrés	Professor
Última Hora	Journalist
Última Hora	Journalist
Radio Cardinal	Director
Union of Workers in the Ministry of Education	President
Association of Nurses	Treasurer
SITRADE (Union)	Adjunct Secretary
SEPEIB (Union)	President
SEPEIB (Union)	Treasurer

*Annex B.2 Interview Respondents in the DR*

Institution	Title
Ministry of the Presidency	Advisor
Senate	Senator
Chamber of Deputies	Member of Parliament
Chamber of Deputies	Member of Parliament
Supreme Court	Member of Council
Attorney General	Prosecutor
Ministry of Public Administration	Minister
Ministry of Public Administration	Vice-Minister
Ministry of Public Administration	Vice-Minister
Ministry of Public Administration	Director
Ministry of Public Administration	Advisor
Ministry of Public Administration	Consultant
Ministry of Public Administration	Analyst
Ministry of Finance	Vice-Minister
Ministry of Finance	Vice-Minister
General Audit Institution (CGR)	Comptroller General
National Office for Personnel	Director
National Council for State	Director
Central Bank	Manager
Banking Superintendency	Manager
Tax Administration Agency	Director
Customs Agency	Director
Ministry of the Economy	Director
Ministry of the Economy	Director
Ministry of the Economy	Advisor
Ministry of Planning	Vice-Minister
Ministry of Education	Minister
Ministry of Education	Director
Dominican Institute for the Education Quality (IDEICE)	Director
Ministry of Health	Director
National Health Insurance (SENASA)	Director
Teachers' Health Insurance (SEMMA)	Executive
Ministry of Agriculture	Director
Ministry of Foreign Relations	Ambassador
Ministry of Industry	Director
Ministry of Public Works	Analyst
Asociación Dominicana de Profesores	Secretary
Temple University	Professor

Iberoamerican University (UNIBE)	Professor
Instituto Tecnológico de Santo Domingo	Professor
Instituto Tecnológico de Santo Domingo	Professor
Autonomous University of Santo Domingo	Professor
Autonomous University of Santo Domingo	Professor
Catholic University (PUCMM)	Professor
Acento	Journalist
El Caribe	Journalist
Teleantillas	Journalist
Alianza Dominicana Contra la Corrupción	Director
Coalición Educación Digna	Representative
Coalición Educación Digna	Consultant
Fundación Institucionalidad y Justicia	Project Director
Fundación Justicia y Transparencia	President
Fundación Plenitud	Researcher
Oxfam	Program Official
Oxfam	Program Official
Participación Ciudadana	Program Official
Participación Ciudadana	Consultant
Participación Ciudadana	Consultant
Participatory Anti-Corruption Initiative (IPAC)	Coordinator
USAID	Program Official
European Union	Program Official
IDB	Senior Specialist
World Bank	Senior Specialist

## Annex C. Semi-Structured Interview Protocol for Expert Survey

<b>Unit of Analysis</b>	
The unit of analysis of the questionnaire was one of fifteen public sector institutions in one of five policy areas (see annex E). The questionnaire was repeated with the same respondent for each of the institutions in the policy area for which the respondent counted on expertise.	
<b>Questionnaire</b>	
1	Introductory question: If one had sought a job in the [institution] at the service, administrative, technical or managerial level during the [Lugo/Fernandez] administration, how should one have gone about obtaining it?
2	[If applicable]: You mentioned that authorities at times resorted to formally competitive processes ( <i>concursos por oposición</i> ) to fill advertised vacancies. Could you lay out, in your opinion, what share of vacancies during the [Lugo/Fernandez] administration in the [institution] was filled through these procedures?
3	[If applicable]: In your opinion, what share of these formally competitive examinations was substantively competitive – in other words: the selection of the candidate was the outcome of not undue interference ( <i>injerencia indebida</i> ) but of a transparent competition aimed at selecting the most competent personnel?
4	Comparing this estimate under the [Lugo/Fernandez] administration with the preceding [Duarte/Mejia] administration: in your opinion, what share of vacancies was filled through both formally and substantively competitive and transparent procedures ( <i>concursos por oposición transparentes y sustancialmente meritocráticos</i> ) in the [institution] under the [Duarte/Mejia] administration?
5	Coming back to the [Lugo/Fernandez] administration: what efforts were taken to safeguard competitive selection processes from undue interference?
6	Where did vulnerabilities to undue interferences in the selection process remain?
7	[If applicable]: In your opinion, where in the [institution] were personnel selections through transparent and substantively competitive procedures introduced or maintained? Where in the [institution] did discretionary personnel selection focus on?
8	Moving from competitive to discretionary personnel selections: in your opinion, under the [Lugo/Fernandez] administration, who tended to be involved in deciding which candidate is selected? Whose recommendations did those in charge of personnel selections consider?
9	What was the role of the Presidency in these personnel selections?
10	What was the role of legislators in these personnel selections?
11	In your opinion, what criteria did authorities in the [institution] prioritize when discretionarily selecting personnel? <i>[Follow-up: in your opinion, what weight did professional competencies, political party affiliation and personnel connections have in these personnel selections?]</i>
12	Comparing this estimate with the preceding [Duarte/Mejia] administration: In your opinion, what criteria did authorities in the [institution] under the prior administration prioritize when discretionarily selecting personnel? <i>[Follow-up: in</i>

	<i>your opinion, what weight did professional competencies, political party affiliation and personnel connections have in these personnel selections?</i>
13	Coming back to the [Lugo/Fernandez] administration: could you lay out, in your opinion, what motivated authorities in the [institution] to maintain and exercise discretion in personnel selections?
14	Comparing this estimate with the preceding [Duarte/Mejia] administration: in your opinion, what motivated authorities in the [institution] in the [Duarte/Mejia] administration to maintain and exercise discretion in personnel selections?
15	Moving from personnel selection to pay, if one was working in the [institution] during the [Lugo/Fernandez] administration and sought to obtain an individual pay increase, how should one have gone about obtaining it?
16	What was the role of the Presidency in determining individual pay rises? What was the role of legislators?
17	Moving from individual to collective pay increases, in your opinion, what role do unions play in determining collective pay?
18	What sources of political leverage do unions in the [institution] count on to push for collective pay increases?
19	Moving from pay to job stability: how easy or difficult was it to make permanent or temporary personnel redundant in the [institution] during the [Lugo/Fernandez] administration?
20	Which factors protected personnel from dismissals? <i>[Follow-up: what were the roles of legal protections, union affiliation and political connections in protecting personnel from dismissal?]</i>
21	How could authorities in the [institution] incentivize collaboration and performance from personnel with rigid tenure protections?
22	Now that you know what the research focuses on, is there any important point that I missed asking about or are there any additional comments you would like to offer?
23	I would be grateful for further opportunities to learn from experts about public personnel decision-making in the [policy area]. Could think of any other expert you would recommend me to contact?
<b>Post-Interview Procedure</b>	
<ol style="list-style-type: none"> <li>1. Full transcription of interview (where recording was permitted)</li> <li>2. Coding of interview responses (see coding scheme in Annex D)</li> </ol>	

## Annex D. Coding Scheme for Expert Estimates

<b>Estimate</b>	<b>Administration</b>	<b>Coding</b>
Share of vacancies filled through advertised and substantively competitive examinations	Lugo/Fernandez	Interview questions 2 & 3: multiply share of vacancies filled through formally competitive examinations (question 2) with share of examinations deemed substantively competitive (question 3)
Share of vacancies filled through advertised and substantively competitive examinations	Duarte/Mejia	Interview question 4: share of total vacancies filled through transparent and substantively competitive examinations
Criteria prioritized in discretionary personnel selections	Lugo/Fernandez	Interview question 10: Coding: Party affiliation/personal connections/ professional qualifications are required to obtain a position: always or most of the time (100%); roughly half the time (50%); for a minority of positions or, for professional qualifications, by complying with minimal formal qualification criteria (25%); never or almost never (0%)
Criteria prioritized in discretionary personnel selections	Duarte/Mejia	Interview question 11: Coding: Party affiliation/personal connections/ professional qualifications are required to obtain a position: always or most of the time (100%); roughly half the time (50%); for a minority of positions or, for professional qualifications, by complying with minimal formal qualification criteria (25%); never or almost never (0%)

## Annex E. State Institutions Included in Expert Survey

### E.1 Paraguay (number of employees as of 2010)

	Public Servants (192,305 out of 260,965 covered by survey)	Ministries		Non-departmental agency or executive institution		
<b>Finance</b>	4,214	Ministry of Finance (includes tax administration) (2,304 employees)			Central Bank (887 employees)	Customs (1,023 employees)
<b>Education</b>	95,647	Ministry of Education and Culture (81,180 employees)			National Universities (14,467 employees)	
<b>Health</b>	42,713	Ministry of Public Health (30,004 employees)			Institute for Social Provision (12,709 employees)	
<b>Economic Development</b>	16,562	Ministry of Agriculture (3,047 employees)	Ministry of Industry and Commerce (588 employees)	Ministry of Public Works (2,892 employees)	National Administration of Electricity (4,699 employees)	Itaipu & Yacyretá Hydro-electric Dams (5,336 employees)
<b>Justice</b>	33,169				Supreme Court of Justice (8,989 employees)	Attorney General (4,015 employees)
					Electoral Justice (20,165 employees)	

Sources: Itaipú (2013); SFP (2011b); Torres Romero (2012)

**E.2 Dominican Republic** (number of employees as of January 2013)

	<b>Public Servants</b> (245,085 out of 479,400 covered by survey)	<b>Ministries</b>	<b>Non-departmental agency or executive institution</b>		
<b>Finance</b>	13,544	Ministry of Finance (3,389)	Central Bank (2,016)	Tax admin. (DGII) (2,682)	Customs (5,457)
<b>Education</b>	123,694	Ministry of Education (115,359)		National University of Santo Domingo (8,335)	
<b>Health</b>	60,743	Ministry of Public Health (59,984)		National Health Insurance (SENASA) (759)	
<b>Economic Development</b>	35,005	Ministry of Agriculture (12,285)	Ministry of Industry (610)	Ministry of Public Works (11,346)	State Electricity Companies (10,764)
<b>Justice</b>	12,099			Supreme Court of Justice (6,454)	Attorney General (5,458)
					Electoral Justice (187)

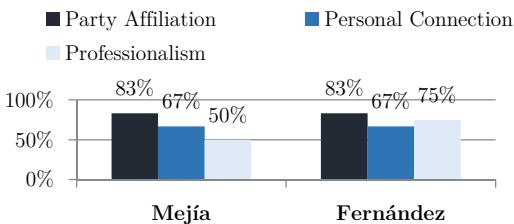
Sources: Contraloría General de la Republica (2013); Consejo del Poder Judicial (2013); UASD

(2013)

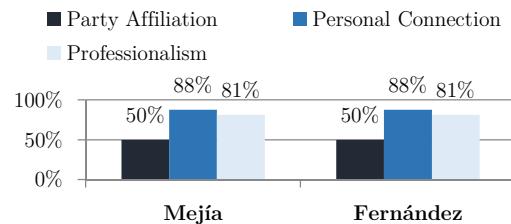
## Annex F. Expert Estimates: Criteria Prioritized in Discretionary Personnel Selections per Institution

### F.1 Dominican Republic

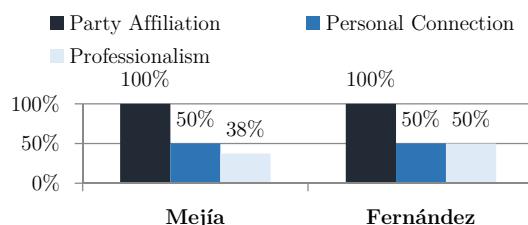
#### Ministry of Finance



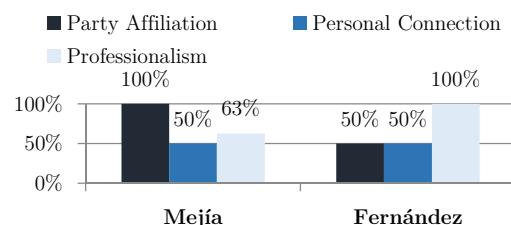
#### Central Bank



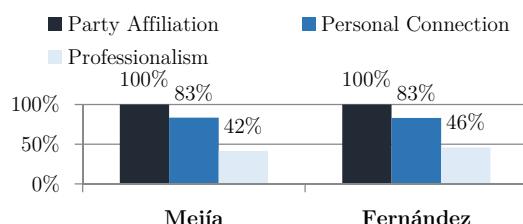
#### Customs



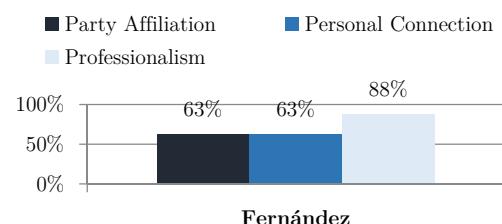
#### Tax Administration



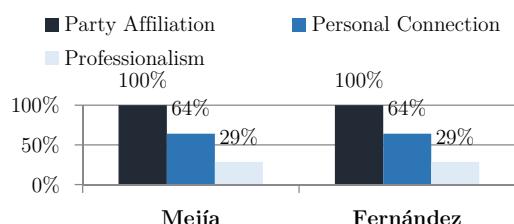
#### Ministry of Health



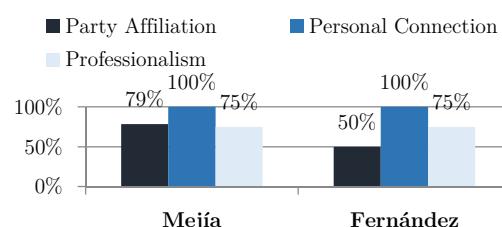
#### National Health Insurance



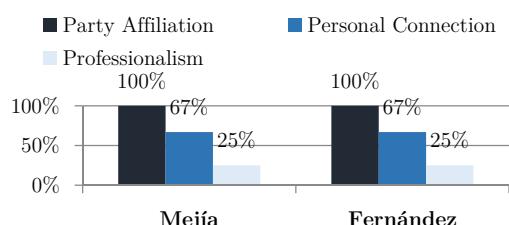
#### Ministry of Education



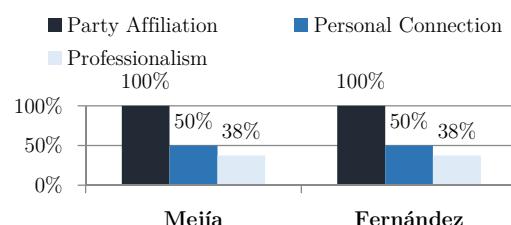
#### National University of Santo Domingo



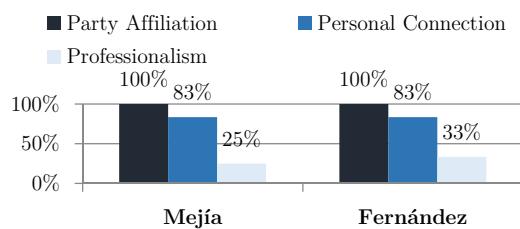
#### Ministry of Agriculture



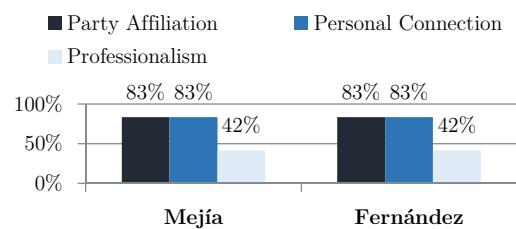
#### State Electricity Companies



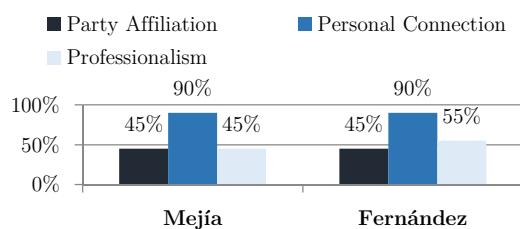
### Ministry of Public Works



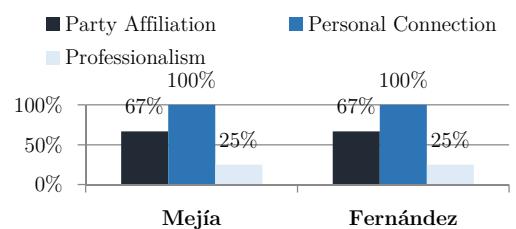
### Ministry of Industry



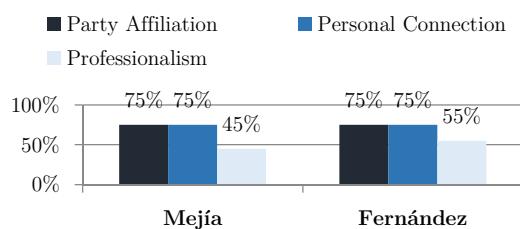
### Supreme Court



### Electoral Justice

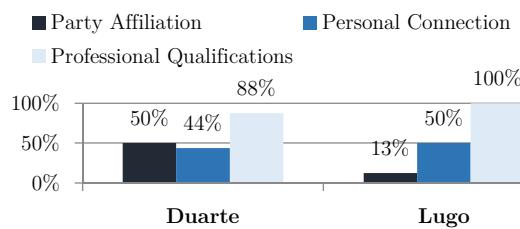


### Attorney General

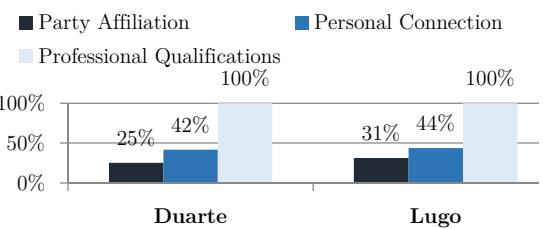


## F.2 Paraguay

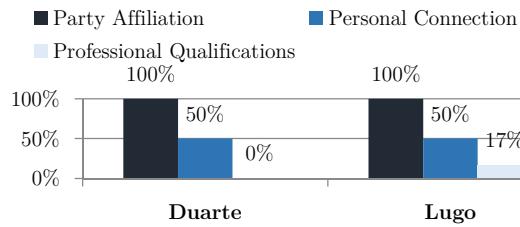
### Ministry of Finance



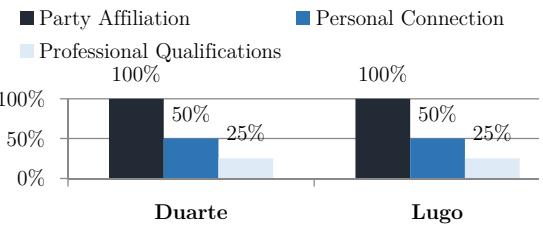
### Central Bank

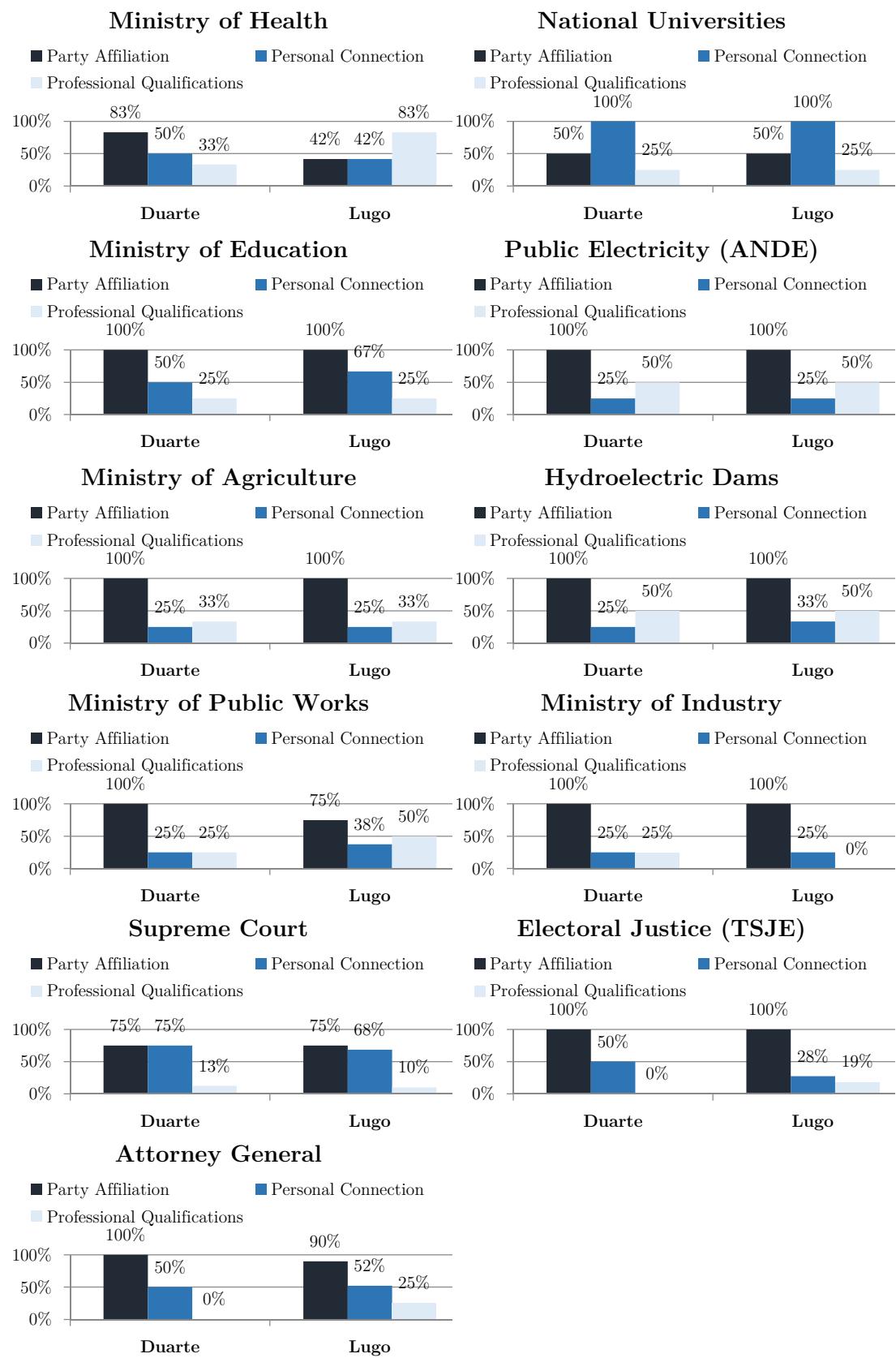


### Customs



### Institute of Social Provision





## Annex G. Additional Regression Results

### G.1 Ordered Logit Regression Results: Bureaucratic Professionalization

	Demand-Side	Demand-Side, Disaggregated Index	Full Model	Full Model, Disaggregated Index
Institutional Constraints on Incumbent Patronage Control	3.55**		3.26*	
(z-scores)	-1.41		-1.76	
Tenure Protections		0.54***		0.56**
(z-scores)		-0.17		-0.22
Political Constraints		0.48		-0.42
(z-scores)		-0.97		-1.44
GDP per capita (log)	1.14***	1.24***	0.72*	0.88**
(z-scores)	-0.33	-0.34	-0.43	-0.44
Secondary education	0	0.01	0.01	0.02
(z-scores)	-0.01	-0.01	-0.01	-0.01
Ethnic fractionalization	1.37	1.83*	1.14	1.69
(z-scores)	-0.91	-0.94	-1.06	-1.1
Urbanization	-0.04**	-0.04**	-0.04**	-0.04**
(z-scores)	-0.02	-0.02	-0.02	-0.02
Natural Resources	0	-0.02	0.06*	0.05
(z-scores)	-0.02	-0.02	-0.03	-0.03
Trade	0	0	0	0
(z-scores)	-0.01	-0.01	-0.01	-0.01
Official Development Assistance	0	0	-0.01	-0.01
(z-scores)	-0.01	-0.01	-0.01	-0.01
Democracy			0.52**	0.60**
(z-scores)			-0.24	-0.24
Political Competition (Executive)			-0.52	-0.39
(z-scores)			-0.42	-0.42
Age of Executive Party			0.01	0.01
(z-scores)			-0.01	-0.01
Programmatic Party			-0.89	-0.87
(z-scores)			-0.69	-0.71
Size of Government			0.1	0.12*
(z-scores)			-0.06	-0.06
Growth of Government			0	0
(z-scores)			0	0
Political System			0.16	0.06
(z-scores)			-0.32	-0.32
Proportional representation			-0.76	-0.83
(z-scores)			-0.54	-0.53
District magnitude			0	0
(z-scores)			0	0
Constant (cut)	5.50**	7.44***	2.39	6.39
(z-scores)	-2.2	-2.39	-3.67	-4.26
Observations	94	94	78	78
Pseudo R-squared	0.12	0.13	0.16	0.17
Standard errors in parentheses				
*** p<0.01, ** p<0.05, * p<0.1				

## G.2 OLS and Ordered Logistic Regression Results: Politicization

	OLS: Full Model	OLS: Full Model, Disaggregated Patronage Constraints	Ordered Logit: Full Model	Ordered Logit: Full Model, Disaggregated Patronage Constraints
Institutional Constraints on Incumbent Patronage Control	-0.98		-2.58	
(t-stat/z-scores)	-1.03		-1.83	
Tenure Protections		-0.2		-0.56**
(t-stat/z-scores)		-0.12		-0.23
Political Constraints		0.49		1.27
(t-stat/z-scores)		-0.88		-1.54
Full Model Controls	Yes	Yes	Yes	Yes
Observations	78	78	78	78
(Pseudo) R-squared	0.46	0.47	0.19	0.21
Standard errors in parentheses				
*** p<0.01, ** p<0.05, * p<0.1				

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