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

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Institutional Incentives for Professionalizing Patronage States

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Abstract^{*}

Merit-based selection of bureaucrats is central to state capacity building, yet rare in developing countries. Most executives instead favor patronage—political discretion—in public employment. This paper proposes and tests an original theory to explain when executives forsake patronage for merit. The theory exploits exogenous variation in the institutional design of patronage states. In some, constitutions and budget laws monopolize patronage powers in the executive; in others, patronage benefits accrue to the legislature and public employees. When institutions fragment patronage powers *and* challengers control other government branches, merit becomes more incentive-compatible: it enables executives to deprive challengers of patronage while enhancing public goods provision to court electoral support. Drawing on 130 face-to-face elite interviews, a comparison of reforms in Paraguay, the Dominican Republic and the United States validates the theory. How patronage states are institutionally designed thus shapes their reform prospects: fragmented control over bad government can incentivize good government reforms.

JEL classifications: N46, D73, H11, M51, O17

Keywords: Institutions, Patronage, Civil service reform, State capacity, Bureaucracy

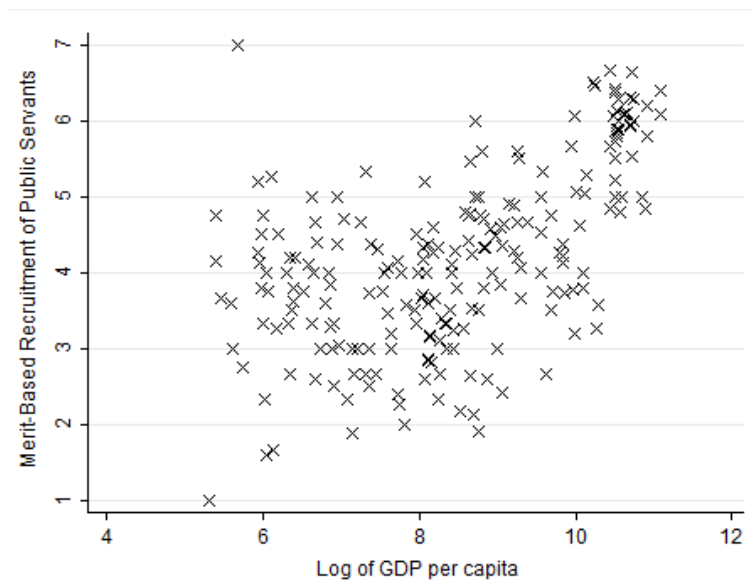
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1. Introduction

The professionalization of patronage states is central to good government (Weber, 1978). In patronage states, political and personal criteria largely determine bureaucratic recruitment and careers. Professional states, by contrast, emphasize merit: the most professionally qualified candidates for state positions are selected. Bureaucratic performance and impartiality benefit: professionalization is associated with economic growth and lower corruption (Dahlström, Lapuente and Teorell, 2011; Evans and Rauch, 1999). Moreover, clientelism is curbed. The antithesis of impartiality, clientelism personalizes bureaucracies: state benefits—including public employment—are exchanged for electoral support (Stokes, 2005).

Despite its development benefits, professionalization has not been forthcoming in most developing states. Political criteria trump merit criteria in the recruitment of public servants in 64 percent of non-OECD countries according to global expert survey data (Dahlberg et al., 2013). This is not for the lack of reform attempts. The World Bank (2008), for instance, lends US\$422m annually for civil service and administrative reform—yet does not see any measurable impact. While patronage thus tends to persist, professionalization has advanced occasionally in developing countries and historically in OECD countries. As a result, bureaucratic professionalization varies sharply across states (Figure 1).

Figure 1. Merit-Based Recruitment of Public Servants across Countries



Sources: Dahlberg et al. (2013); Dahlström et al. (2015).

Which factors induce the transition from patronage to professional states, however, remains “most poorly understood” (Fukuyama, 2014: 26). This paper develops and tests an original theory which improves this understanding for democratic regimes. The theory exploits hitherto neglected exogenous variation in the formal institutional design of patronage states. It focuses on one set of institutions in particular: those allocating patronage powers. In some patronage states, constitutions, organic budget laws and other relatively “sticky” institutions monopolize patronage power over appointment and bureaucratic careers in the executive. In others, institutions shift patronage benefits to the legislature and, by protecting their tenure, public employees.

These institutional differences shape incentive structures of executive incumbents. When institutions deprive executives of patronage powers *and* challengers control other government branches, professionalization becomes more incentive-compatible. Unable to control patronage, professionalization enables executives as a second-best to deprive challengers in other government branches of patronage access. Concurrently, it enhances the ability of incumbents to mobilize electoral support through public goods provision from more qualified employees—in the context of reduced patronage access and thus ability to compete electorally based on private goods. This effect of institutions is exogenous. As I will showcase, the determinants of patronage power fragmentation differ from those of professionalization. Instead, professionalization emerges as an unintended consequence of an institutional fragmentation choice made by earlier governments when an executive without control of other government branches is elected.

The paper provides evidence for the theory through a comparison of reforms in two archetypal patronage states: Paraguay and the Dominican Republic. The two countries are most similar, except in regards to patronage power fragmentation. In both cases, contingent exogenous factors brought executives without parliamentary control into power. A causal effect of institutions allocating patronage powers may thus be identified. The comparison draws on over 160 hours of elite interview material with 130 high-level executive and legislative policymakers, bureaucrats and non-governmental stakeholders—the most in-depth primary data collection on patronage reform processes in the literature to date. It rules out rival explanations and demonstrates that the determinants of patronage power fragmentation did not cause professionalization themselves. To underscore external validity, the theory is tested with a paradigmatic historic patronage reform case: the United States. Evidence from the three cases

strongly supports the theory, and anecdotal evidence from the United Kingdom indicates explanatory power for patronage reform in democracies more generally.

How patronage states are institutionally designed thus shapes their reform prospects. Fragmented control over bad government can incentivize good government reforms. This insight has important scholarly repercussions. It sheds new light on the transition towards professional states; adds a fresh argument to debates about the merits of institutional power fragmentation; and challenges convictions on the ephemerality of institutions in developing countries.

The paper derives these conclusions in four steps. It first contextualizes the argument in the existing literature, second, develops theory and method, third, tests the theory with a comparison of Paraguay and the Dominican Republic, and fourth, provides evidence for generalizability from the United States.

2. When Do Incumbents Forsake Patronage for Merit?

The professionalization of patronage states and decline of clientelism have seen a surge of research. Scholars thereby typically conceptualize patronage as discretionary political appointments (see, among many, Calvo and Murillo, 2004; Grindle, 2012; Kopecký, Mair and Spirova, 2012). This conceptualization may miss important patronage resources, however. Powers over pay, for instance, shape the value of appointments. This paper thus expands the conceptualization of patronage to political discretion over public personnel decisions, including appointment, pay, promotion and dismissal. Such discretion may be established in law and/or practice.

Professionalization equates to the replacement of political discretion with merit-based personnel decisions. In view of its centrality to development (Dahlström, Lapuente and Teorell, 2011), this paper will concentrate on professionalization of personnel selection: examinations to select the most professionally competent candidates (UK Civil Service Commission, 2012). Professionalization thus involves delegation of personnel selection from patron-politicians to civil service agencies or human resource directorates overseeing examinations.

When would executive incumbents forsake political discretion over public employment in favor of merit-based examinations? Prior research is, as detailed below, characterized by dissent—and the transition towards professional states thus “poorly understood” (Fukuyama,

2014: 26). Moreover, studies share a common omission. Variation in the formal institutional design of patronage bureaucracies—and its effect on reform incentives—is not considered.

The literature has posited both socio-economic and political-institutional explanations. Socio-economic factors include collective action for reform and shifts in voter preferences. Collective action explanations have looked to civic coalitions, business associations, public employees and international aid agencies (donors); see, for instance, Carpenter (2001) and Johnson and Libecap, 1994). Yet, most studies discount their explanatory power. Citizen mobilization is “an anomaly” (Grindle, 2012: p. 29); business mobilization targets select institutions, such as tax administrations (Heredia and Schneider, 2003); public employees typically prioritize benefits such as pay raises (Johnson and Libecap, 1994); and donors focus on formalistic reforms (Andrews, 2013).

More than collective action, shifts in voter preferences for public and private goods may shape electoral payoffs of patronage and professionalization—and thus act as proximate reform causes. Changes in income, education and employment opportunities, for instance, may cause preference shifts (Lapuente and Nistotskaya, 2009; Reid and Kurth, 1989). Whether and how voter preferences are aggregated, however, depends on political-institutional factors. Their causal effects, however, are contested.

To illustrate, patterns of electoral competition have been linked to patronage reform by some scholars (Geddes, 1996; Grzymala-Busse, 2007; O'Dwyer, 2006; Ting et al., 2013), and patronage resilience by others (Lapuente and Nistotskaya, 2009; Meyer-Sahling, 2006).¹ More programmatic, centralized and disciplined parties are associated with reform by some (Cruz and Keefer, 2015), while others link well-organized and disciplined parties to patronage (Grzymala-Busse, 2007). Political outsider executives have been argued to seek professionalization (Geddes, 1996), or patronage to construct parties (Philip and Panizza, 2011). Growing patronage budgets have been linked to patronage resilience (Kitschelt, 2007), or reform—be it due to principal-agent problems in patronage networks or enhanced resources to secure governability *and* professionalization (Geddes, 1996; Johnson and Libecap, 1994). Lastly, distinct electoral institutions, parliamentarism and unitarism have been argued to incentivize reform (Geddes,

¹ A third group has argued for the interaction of electoral competition with economic variables (e.g., Weitz-Shapiro, 2012).

1996; Gerring and Thacker, 2004; Kenny, 2015); or have no effect (Cruz and Keefer, 2015; Kitschelt, 2011).

Prior works are thus of limited aid in understanding patronage reform: scholars disagree about causal effects of key variables. Concurrently, studies share a common omission: reform is explained without considering differences in the institutional design of patronage states. While some scholars have recognized that institutions allocate patronage powers differentially across institutional actors (Calvo and Murillo, 2004), they have not explored the effect of these differences on patronage reform (but see Kenny, 2015).

Research on clientelist decline mirrors this omission. Focused on electoral institutions, parliamentarism and unitarism, scholars have mostly found institutions to be “not particularly useful” (Kitschelt and Wilkinson, 2007: 44). “Whether other democratic institutions ... have an impact ... has been less well specified and explored,” however (Kitschelt, 2011: 1). More generally, “it is striking that the question of executive organization and its effect on the quality of governance has received so little ... analysis.” (Gerring, Thacker and Moreno, 2009: 328)

Likewise, research on fragmentation of institutional powers has overlooked its implications for reform incentives. The effect of fragmentation on the quality of government through, for instance, checks-and-balances, horizontal accountability or bureaucratic oversight by multiple principles has been a long-standing scholarly concern (see, classically, Madison, 1787). Yet, scholars have not examined the relationship between fragmentation and the *transition towards* good government.

Studies of delegation are of no remedy, either. Job stability to insulate employees from politically-motivated dismissals and thus ensure durable legislative deals are well explained (Horn, 1995). Yet, merit recruitment and professionalization incentives from institutional fragmentation have been less well explored.

These omissions matter. Intuitively, institutions allocating patronage powers affect reform incentives. Where institutions deprive incumbents of patronage powers, incumbents derive less electoral utility from patronage bureaucracies—and face greater incentives to professionalize. This intuition is developed theoretically next.

3. Theory: Patronage Power and Merit Reform

Consider a President or Prime Minister (henceforth: incumbent) choosing between patronage and professionalization to maximize political support for re-election. Patronage mobilizes political support through private goods: public sector jobs, promotions and pay rises in exchange for electoral support. By contrast, professionalization implicates greater public goods provision. The effect of professionalization on public goods has been validated in a range of contexts (Gallo and Lewis, 2012; Nistotskaya, 2009; Rauch, 1995). This may not surprise: employees selected based on professional competence rather than political criteria are likely to provide better public services.

Now consider how institutions allocating patronage powers shape incumbent reform incentives. Institutions are understood here as formal rules of the game (Carey, 2000: 735). As detailed below, constitutions, organic budget laws and other relatively “sticky” formal rules concentrate patronage powers in the executive in some states, while shifting patronage benefits to the legislature and public employees in others. I will argue that when institutions deprive executives of patronage powers *and* executives are elected while challengers control other government branches, professionalization becomes more incentive-compatible.

Such contexts may appear to be anomalous: executives are frequently believed to be the sole custodian of patronage bureaucracies (see, among many, Geddes, 1996: 13). Yet, fragmentation and thus multiple principals over patronage bureaucracies may come about in range of contexts, including: revolutions against centralized monarchical states (United States), factionalized dominant parties (Paraguay), the dismantlement of monarchical patronage control (nineteenth-century United Kingdom) and disintegrative pressures during decolonization (India), to name a few (Kenny, 2015; Silberman, 1993; see cases below). As a result, patronage states differ in the institutional allocation of patronage powers.

These differences do not equate to professionalization: political discretion still determines personnel selection. Yet, they imply that *executives* differentially control this discretion. Concomitantly, the choice to fragment patronage powers is not motivated by professionalization ambitions. Instead, professionalization emerges as an unintended consequence of prior fragmentation when executives without control of other government branches are elected. While not accounting for the diverse origins of patronage power fragmentation, the theory can, hence, explain the exogenous causal effect of such fragmentation on professionalization under divided

government. Fragmented control over bad government can thus induce good government reforms.

This argument shall be substantiated in three steps. First, the set of institutions allocating patronage powers are circumscribed; second, the causal mechanisms linking them to professionalization detailed; and, third, the theory's empirical implications clarified.

Institutions may shift patronage to other government branches and public employees. Where institutions allocate patronage powers to other government branches, electoral challengers in control of such branches hold sway over patronage. Typically, the legislature is the most powerful competing patronage principal. Constitutions and organic budget laws—which often require supermajorities for alteration—may empower parliament to: appoint to the diplomatic corps, public enterprises and other state institutions; set personnel expenditures and thus patronage budgets—as in two-thirds of 97 countries surveyed (International Budget Partnership, 2013); set collective pay of public servants—as in 30 percent of Latin American countries, for instance; and set individual pay and create positions—as in 13 percent of Latin American countries, for instance (Manning and Lafuente, 2010). With these powers, challengers in legislatures may, for instance, shift patronage budgets towards institutions under their control or create positions for their appointees. Patronage powers may also be held by other central government branches and sub-national units; at the extreme, they control most patronage (see, for example, Calvo and Murillo, 2004).

Institutions may, moreover, shift patronage benefits to employees by protecting their tenure. Tenure may emerge from legal or constitutional protections, often accompanied by employee mobilizations against dismissals. With tenure protections, employees may claim the wage premiums characteristic of patronage states until retirement—without the need for reciprocal support to incumbents. This curtails incumbent patronage: predecessor appointees may not be substituted. Globally, 63 percent of 54 surveyed patronage states feature bureaucratic job stability (Dahlberg et al., 2013).²

Institutions allocating patronage powers thus differ across patronage states. Where they deprive incumbents of patronage powers, incumbents count on less patronage to mobilize votes, yet not more public goods: professional competence is still de-prioritized (cf. Dahlström,

² Proxied by a score above the mean of the scale for: “Once one is recruited as a public sector employee, one stays a public sector employee for the rest of one’s career.”

Lapiente and Teorell, 2011). The electoral utility of patronage bureaucracies to incumbents thus declines.

The first-best response would be to re-concentrate patronage powers. Yet, where challengers control other government branches, institutions depriving incumbents of patronage are typically binding because of their “self-referencing” nature (Miller, 2000: 539). Challengers controlling parliament face incentives to retain and enforce legislative patronage powers. Moreover, tenure is often constitutionally protected. Institutions allocating patronage powers can thus persist “at least into the medium term of several decades” (Kenny, 2015: 164).

Professionalization then becomes, as a second-best, more incentive-compatible to incumbents. Two mechanisms are at play. First, where institutions shift patronage powers to challengers, incumbents face incentives to professionalize personnel decisions controlled by challengers. Reform cuts off challengers’ patronage access, while enhancing public goods provision. Voters identify such public goods disproportionately with incumbents, granting them “a virtual monopoly on this weapon in the political game” (Geddes, 1996: 141). Professionalization thus proceeds when incumbents are *unable* to appropriate power over patronage, yet *able* to professionalize. This may occur, for instance, when incumbents are legally or constitutionally empowered to impose merit as a generalized condition for entry into public service even for personnel decisions of which they are not in charge (see, for instance, Gladden, 1967: 19). In such contexts, other government branches may hold personnel powers, yet not veto professionalization.

Second, where institutions deprive incumbents of patronage powers to such an extent that challengers may outspend them on patronage in a “bidding war dynamic” in campaigns (Stokes, 2005: 324), incumbents may, *ceteris paribus*, not compete successfully solely based on patronage. Professionalization then enables them to compete based on public goods—which voters identify disproportionately with them.³ Contrary to the first mechanism, this mechanism does not require incumbents to professionalize personnel decisions beyond those they control *themselves*—which incumbents typically have a residual right to do (Schuster, 2015).

This argument may appear reminiscent of Shefter’s (1977: 415-417) prominent account: “Leaders ... [who do] not enjoy access to governmental ... sources of patronage ... will find it

³ Professionalization is not invariably electoral utility-maximizing, but rather only where the electoral utility of professionalization-induced public goods increases is greater than that of professionalization-induced incumbent patronage losses in a context of disproportionate challenger patronage resources.

necessary to rely upon other appeals to mobilize ... 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.” While related, the “patronage power theory” differs. It explains why professionalization is *introduced*—rather than *maintained* (as in Shefter, 1977)—as a function of *institutions allocating patronage powers* rather than *prior professionalization* or *lack of incumbency* (as in Shefter, 1977).

An empirical implication of the theory relates to this insight: incumbents will support reform while challengers will resist it—the opposite of prior predictions: “the president’s party [demands] patronage while ... the opposition [is] more interested in restricting it” (Johnson and Libecap, 1994: 50). Moreover, as a second implication, professionalization will focus on positions controlled by challengers (first mechanism); and positions with large public goods gains and small private goods losses (second mechanism).

To sum up the theory, institutions can prevent executive victors and their allies from claiming the spoils. Such institutions may, as noted above, arise in a range of circumstances. When they do, they may inadvertently incentivize professionalization under divided government in future administrations.

The scholarly importance of this theory is threefold. It contributes to a better understanding of the transition towards professional states, points to an overlooked benefit of institutional power fragmentation in developing states, and challenges convictions on the ephemerality of formal institutions in patronage states.

4. Data and Method

Credible large-n data on patronage fragmentation and professionalization is lacking; the theory is thus tested through a case comparison.

A three-step identification strategy was employed. First, case selection was limited to the countries the theory covers: competitive democracies in which patronage is the rule of the game for personnel decisions. Expert survey data suggests that 38 percent of countries—46 out of 121 surveyed countries—comprise this universe (Dahlström et al., 2015). Second, “most similar system” cases were sought, with maximum variance in institutions allocating patronage powers and minimum variance in rival determinants. Lastly, cases were limited to incumbents brought to

power due to contingent exogenous factors and without parliamentary control. A causal effect of institutions allocating patronage powers may thus be identified.

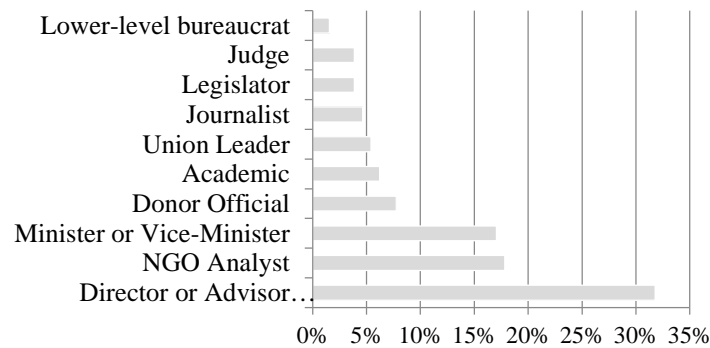
This identification strategy yielded the Lugo presidency in Paraguay (2008-2012) and the Fernández presidency in the Dominican Republic (2004-2012). Exogenous factors brought both incumbents to power with minimal legislative representation. They did so in two countries with similar levels of human development, electoral competition, patronage, electoral institutions and reform blueprints, among others (Annex A)—yet most dissimilar institutions allocating patronage powers. Causal inferences are thus facilitated.

To explore the two cases, the paper relies on what has been, to the best of the author’s knowledge, the most extensive primary data collection on patronage reform processes to date. This included, among others, data requests to civil service agencies and ministerial human resource departments about the extent of meritocratic examinations; and over 160 hours of in-person interviews with 130 high-level governmental and non-governmental stakeholders—65 per country.

These interviews had a two-fold purpose. A first protocol provided estimates of the dependent variable: advances in substantively meritocratic examinations (55 percent of interviews). This may appear superfluous given official data on meritocratic examinations. Yet, (manipulated) examinations can act as façades for patronage (Schuster, 2015). Cross-checking official examination data with expert estimates of *substantively* meritocratic examinations can detect façade reforms.

Estimates were obtained by adapting Kopecký, Mair and Spirova’s (2012) patronage measurement method. With this method, 103 institutional-level estimates were obtained for 15 typical central government institutions in five policy areas: finance, education, health, economic development and justice (Annex B). At least five experts with varied backgrounds were purposively surveyed per policy area (Figure 2). A random sample was eschewed: expertise and willingness to estimate patronage are not widely distributed. Included institutions accounted for 74 (Paraguay) and 51 (DR) percent of public employment. Institutional means were weighted by the number of public employees to obtain country-level means.

Figure 2. Respondent Types across Interview Protocols (n=130)



This measurement strategy is second-best: patronage as “covert politics” cannot be measured precisely. Yet, other proxies—such as personnel spending or merit legislations—are not significantly associated with meritocracy in practice (Schuster, 2015). Expert estimates, arguably, provide more valid *approximations*, not least as experts with diverse backgrounds were sampled to counteract concerns about strategic bias, expert estimates merely served to cross-check official data; and estimates varied little across respondents, with linearized standard errors between 2 (DR) and 5 percent (Paraguay) on a scale of 0 to 100 percent.

The second set of protocols traced patronage reform processes. To this end, high-level governmental and non-governmental reform stakeholders were purposively sampled (45 percent of interviews; Figure 2). They shed light on the congruence between reform processes and the patronage power theory and rival explanations.

5. Patronage Power and Merit Reforms in Paraguay and the DR

5.1 Introduction

Lugo and Fernández greatly differed in Presidential patronage powers and, as evidenced below, reform incentives. Lugo was deprived of patronage powers and thus faced with a dilemma: “how [to] ... compete with [his main challenger] the Colorado Party if we do not have what they have which is political operators through public employment” (Interview E). As theorized, professionalization to compete based on public goods and to cut off challenger patronage access offered a way out. By contrast, a Presidential patronage power monopoly greatly advantaged Fernández electorally. As a consequence, “who makes himself strong for this reform is ... not the President” (Interview M).

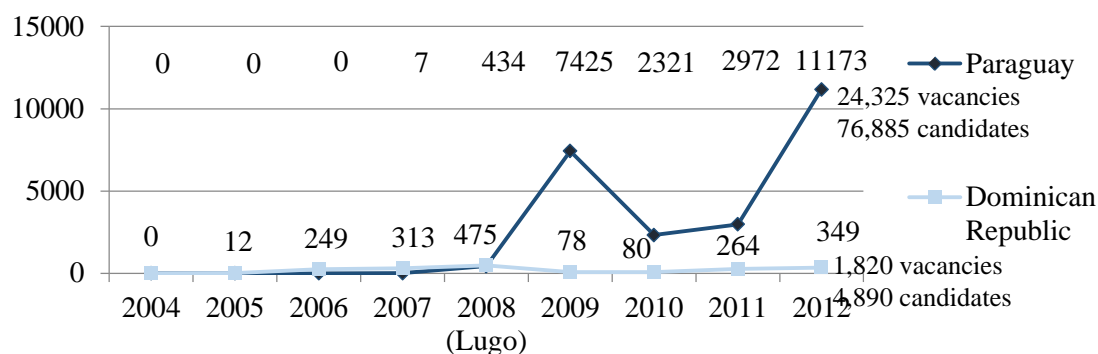
Several additional duties of care confirm these causal inferences. First, not only incumbents, but also their challengers and successors acted as predicted by the theory. Second, institutions allocating patronage powers exerted an exogenous causal effect: their diverging origins cannot account for professionalization. Lastly, a range of prominent rival explanations are ruled out. The case comparison thus strongly supports the theory.

5.2 Dependent Variable: Professionalization in Paraguay and the DR

State reforms—including bureaucratic professionalization—featured in Lugo’s and Fernández’s campaigns. Both incumbents relied on the Latin American Civil Service Charter, which advocates meritocratic personnel management, as their blueprint. Civil service legislation permitted merit reforms in both cases. Yet, only Paraguay advanced in practice. Official data, expert estimates and proxy indicators confirm this assertion.

Before Lugo, Paraguay’s Ministry of Civil Service (SFP) had supervised examinations for only seven vacancies in its history. Under Lugo, this number rose to 24,325—roughly 26 percent of vacancies; this constitutes a major reform. It took 21 years after U.S. civil service legislation to professionalize 50 percent of central government positions, for instance (Johnson and Libecap, 1994). Professionalization was thus one of the “great achievements of the Lugo administration” (Interview A) By contrast, examinations supervised by the DR’s civil service agency, the Ministry of Public Administration (MAP), remained marginal under Fernández, at 1 percent of vacancies (Figure 3).

Figure 3. Number of Vacancies Filled through Examinations (With SFP/MAP Supervision)



Source: Data provided by MAP and SFP.

Paraguay's professionalization focused on social service delivery institutions and presidential flagship programs. In the Statistics Directorate, these accounted for 95 percent of examinations. Moreover, technical (81 percent), rather than service (13 percent) or managerial (6 percent) positions were professionalized.⁴

Expert estimates confirm that examinations were largely meritocratic, rather than patronage façades. *Substantively* competitive—and thus meritocratic—examinations accounted for 22 percent of vacancies under Lugo (up from 4 percent); yet only 8 percent under Fernández (up from 5 percent) according to experts. The minor increase under Fernández is not statistically significant when applying an adjusted Wald test; the increase under Lugo is significant at the 1 percent level.⁵

Proxies coincide. In corruption indices, occasionally utilized to proxy patronage (Kenny, 2015), Paraguay improved from the 7th to the 25th percentile in the period 2007-2011; while in the period 2004-2012 the DR fell from the 42nd to the 23rd percentile (World Bank, 2013b). Paraguay, rather than the DR, thus professionalized.

5.3 Testing the Patronage Power Theory

Presidential patronage powers, and thus reform incentives, greatly varied across cases. Deprived of patronage powers, Lugo professionalized. Monopolizing patronage powers, Fernández resisted reform.

5.3.1 Paraguay: A Victor without Spoils and Bureaucratic Professionalization

Lugo's 2008 election was exogenous to his (lack of) patronage powers. With 1.54 million members, a majority of registered voters, the long-governing Colorado Party (ANR) held most public offices and thus patronage powers (Abente Brun, 2007). Lugo only won thanks to support from left-leaning movements and the Liberal Party (PLRA), the country's second largest; his reputation as a "bishop of the poor;" and ANR divisions. By 2007, Colorados were fragmented into 20 factions and UNACE, a splinter-group party (Zavala, 2013). The cumulative Colorado vote amounted to 52.5 percent in 2008 – far exceeding Lugo's 40.8 percent (Abente Brun, 2009).

⁴ In both countries, additional examinations took place without civil service agency supervision, including for professional groups such as teachers, and autonomous institutions such as tax administrations. Lacking central supervision, however, these examinations were often manipulated (Interviews AA, AF, AG).

⁵ P-values stood at 0.001 (86 degrees of freedom (df)) in Paraguay; and 0.374 (98 df) in the DR. Results should be interpreted with caution: they assume an approximate normal distribution—which may not hold with purposive expert sampling.

To secure re-election for himself and/or his movement, Lugo needed to mobilize a competitive electoral support base.⁶ As shall be argued, institutions depriving the Presidency of patronage powers incentivized Lugo to construct this support base through public goods—and thus professionalization.

Paraguay's 1992 Constitution allocated important patronage powers to Congress. Congress could appoint or approve, among others, Supreme Court Judges, the Judicial Council in charge of selecting judges, the Attorney General, the Comptroller General, the Tribunal of Electoral Justice, the Central Bank directorate, ambassadors and high-level army and police officials (World Bank, 2005). Moreover, Congress could alter executive budget bills at will, set collective salary levels, create positions; modify salary subcategories for individual employees and promote employees through salary re-categorizations. These powers turned “every parliamentarian [into] an employment agency” (Interview C).

Challengers controlled Congress. Lugo's core support party, the *Movimiento Popular Tekojoja* (MPT), held only one seat in each chamber (Abente Brun, 2009). Lugo thus had to forsake part of patronage for governability: several executive institutions were conceded to the PLRA to retain legislative support and avoid impeachment—support which Lugo lost in 2012. In part, however, Lugo's patronage access was lost due to institutions shifting patronage powers to Congress.

With a legislative plurality, the ANR made ample use of these powers. Non-executive positions multiplied: the Tribunal of Electoral Justice's staff, for instance, increased to over 20,000 in 2010 (SFP, 2011). Moreover, pay for (mostly ANR-affiliated) employees increased: from 2007 to 2010 the number of salary subcategories rose from 435 to 1,400 (Manning and Lafuente, 2010); for instance, legislators provided recurrent pay rises to doctors and teachers of 59 percent and 14 percent, respectively (Ultima Hora, 2012); and personnel expenditures increased by 15 percent annually (Ministerio de Hacienda, 2012).

Tenure protections further deprived Lugo of patronage powers. Those protections precluded dismissals of permanent public servants, who represented 87 percent of executive personnel (SFP, 2011): administrative indictments rarely held up in court and unions categorically responded with strikes (Interview D). Correspondingly, public sector turnover

⁶ Re-election ambitions are evidenced by Lugo's successful campaign for a 2013 Senate seat and the unsuccessful attempt by his supporters to undo the constitutional prohibition of Presidential re-election (ABC Color, 2013; Paraguay.com, 2011)

ranged only between 2.4 and 8 percent (SFP, 2013). Most employees under Lugo were thus Colorado appointees.

In sum, Lugo was largely deprived of patronage powers. Electoral challengers in Congress controlled pay, promotion, position creation, personnel expenditure setting and a range of appointments. Moreover, most appointees of prior Colorado administrations could not be dismissed.

This patronage power allocation was “sticky.” Alteration required legislative (super-majorities), yet, legislators had a vested interest in enforcement, including by appointing allies to budget control institutions and the judiciary. Lugo’s first-best choice, re-concentrating patronage powers, was thus unattainable. Lugo turned to professionalization as a second-best alternative. Both theorized mechanisms were therefore at play.

First, limited patronage powers implicated an inability to compete electorally based on patronage alone. Challengers, particularly the ANR, could outspend Lugo on patronage, and patronage was central in elections. Jobs-for-votes exchanges secured substantial support, as public officials and their families represented over 20 per cent of the electorate (Casals & Associates, 2004). Moreover, a share of public salary payments was utilized to hire and fund political operators, who mobilized votes through clientelist assistance, vote buying and voter transportation on polling days, among other activities. Unsurprisingly, patronage dominated budgets: personnel expenditures claimed over 75 percent of tax revenues in 2011 (IMF, 2012).

Patronage was thus the central currency of clientelist exchange, and clientelist exchanges were central to electoral mobilization. Yet Lugo was largely deprived of patronage. This created a dilemma for Lugo and his allies. As his Minister of Civil Service (Interview E) put it, “the question was then how do we compete with the Colorado Party if we do not have what they have which is political operators through public employment.”

Seeking electoral support through public goods provision via bureaucratic professionalization was perceived as an avenue out (Interview E). Lugo recognized this early on. Despite pressure to forsake patronage for governability, Lugo enabled professionalization in part of the state with his cabinet choices. Non-partisan technocrats or reformist politicians were appointed to key posts, including the Ministers of Health, Education and Finance. Moreover, Lugo shielded these Ministers from patronage demands. As a Minister of Health (Interview F)

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.”

The locus of professionalization reflects this rationale to compete electorally based on public goods. Examinations were principally introduced in Presidential social policy programs: primary health care (Ministry of Health), family agriculture (Ministry of Agriculture), child and adolescent support (Ministry of Children) and conditional cash transfers (Ministry of Social Action). These presidential flagships shared a high results visibility, media exposure, direct contact with voters and identifiability with Lugo—and thus enhanced electoral payoffs of public goods provision (Interviews G, H). Moreover, most programs benefited the poor, a core constituency for Lugo. To illustrate, surveys suggest poorer strata disproportionately appreciated improved public health services under Lugo (Interview H).

The focus on technical positions (81 percent) similarly speaks to public goods-based electoral competition; such positions offered the collateral benefit of limited private goods losses. At the street level, they involved little control over corruptible resources; moreover, as technical positions, they required scarce qualifications: on average, only three qualified candidates applied for each position.

As predicted, professionalization thus advanced 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.

In addition, Lugo sought professionalization to deprive challengers of patronage access. The SFP, for instance, filed influence-peddling accusations against legislators and state institutions with the Attorney General and the Office of the General Prosecutor. Under challenger control, neither institution took action in favor of the SFP accusations. The media did report accusations, however, thus increasing public opinion pressure against patronage (see, among many, ABC Color, 2011). Nevertheless, these efforts had limited success. Examinations outside institutions controlled by Lugo’s allies occurred, but remained scarce. This mechanism thus carried less causal weight.

As theoretically predicted, institutions depriving Lugo of patronage powers thus incentivized him to professionalize. In contrast, the DR’s Presidential patronage power monopoly induced diametrically opposed incentives.

5.3.2 DR: *Presidential Spoils and Reform Resistance*

The DR's reform episode commenced with Fernández's second term. Exogenous factors—not patronage access—caused both Fernández's initial 1996 election and his 2004 election. Fernández's Dominican Liberation Party (PLD) had not won the Presidency before 1996, Fernández himself “had been a virtual unknown” (Sagas, 2001: 496) Yet, Fernández's bid was supported by the Reformist Social Christian Party (PRSC), one of two main parties controlling patronage.⁷ In his first term, Fernández did not seek electoral support maximization. Of pseudo-Marxist origin, the PLD conditioned membership on completion of study programs—and did not exceed 33,000 members by 2000. In response to electoral defeat in 2000, it transited towards non-ideological electoral support maximization, reaching 2.7m members by 2013 (Listin Diario, 2013). Fernández's 2004 election was, again, due to exogenous factors: the country's three long-standing party leaders had died in 1998-2002; the governing PRD suffered a rift; and a financial crisis constrained PRD patronage (Singer, 2012).

Like Lugo, Fernández faced challengers controlling other government branches in 2004. The PLD held only 3 and 28 percent of Senate and Chamber of Deputies seats, respectively, and controlled only 6 percent of municipalities (Benito Sanchez, 2010b). Institutions depriving the Presidency of patronage powers would have thus deprived Fernández of patronage access.

Yet the 1966 Constitution in place at the time concentrated patronage powers in the Presidency. In fact, it required Presidential authorization for all permanent jobs in the executive, 31 provincial governors, several non-executive positions—including the General Controller, the Attorney General and prosecutors—and, in certain contexts, municipal council members (Duarte and Espinal, 2008). Moreover, the President shortlisted the Head of the Audit Chamber and presided over the council selecting Supreme Court judges (Marsteintredet, 2010).

Presidents also controlled patronage budgets. The Presidency prepared budget bills, and a two-thirds majority in Congress was required for modifications. In budget execution, Presidents could spend 75 percent of unbudgeted revenues at will. Presidential discretion thus increased with legislature failures to approve budgets (Keefer, 2002). Moreover, Presidents could create positions and set salaries, as budget bills only prescribed expenditure ceilings. Presidents consequently controlled promotions: pay raises with greater responsibilities (IDB, 2006).

⁷ Prohibited from running, PRSC leader and long-time DR President Balaguer provided hardly any support to the PRSC presidential candidate, who came in third. To prevent a victory by the PRSC's main competitor at the time, the Revolutionary Dominican Party (PRD), the PRSC supported the PLD in the run-off.

Tenure protections hardly curtailed Presidential patronage. Fernández could constitutionally dismiss public servants at will in 2004—and thus substitute appointees of predecessors *en masse*. Unionized professionals—largely limited to teachers and medical personnel—were the sole exception.

Fernández thus largely monopolized patronage powers: he could determine patronage budgets, create positions, appoint, promote, grant pay rises and dismiss most public servants at will. These institutions were “sticky.” Many presidential patronage powers were constitutionally protected. The President could stall legal reform through observation and non-promulgation; and budget control authorities appointed by Fernández controlled enforcement. These “pharaonic” powers (Duarte and Espinal, 2008: 872) implied that “countries [like the DR] could perfectly live without Congress” (Interview I).

Presidential patronage powers thus incentivized presidential resistance to professionalization. Patronage was central to clientelism and clientelism central to vote mobilization. Monopolizing patronage, Fernández was greatly advantaged in elections.

The centrality of clientelism is manifest. As a legislator (Interview J) admits, “here elections are not won with programmatic proposals ... values or ethical principles. Elections are won by buying ... the most votes on election day ... and by mobilizing towards the polling stations.” Cross-country comparisons corroborate this assessment. The DR ranks third on clientelism in a global expert survey (Kitschelt, 2014) and first in Latin America in the population share offered material benefits for votes (Morgan and Espinal, 2010).

The magnitude of state employment—35 percent of total formal employment (Contraloría General de la República, 2013)—reflects its centrality in clientelist exchanges. Even current President Medina admitted “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). “Excess” employment is exchanged for votes and campaign support: the DR’s electoral “context has, at its centre, employment offers from the state” (Interview B). In this setting, 20 percent of the population campaigns—the highest share in Latin America (Morgan & Espinal, 2010).

With patronage central in electoral mobilization, Fernández turned his patronage power monopoly into electoral advantage. He appointed supporters *en masse* through a virtual doubling of personnel expenditures in real terms in 2004-2012 (Contraloría General de la República,

2013); and through mass substitutions of appointees of predecessors. In 2008, 60 percent of public servants had been recruited since Fernández's 2004 election (Iacoviello, 2009). Furthermore, in the 2008 election, he incorporated 13 of 16 ministries into the PLD campaign command (Participación Ciudadana, 2008). With "the state in campaign," "any vision of equilibrium in the electoral campaign was eliminated" (Interview K; Von Ruster, 2012: p. 24).

PLD victories and membership growth reflect the resulting electoral advantage. PLD membership increased from 33,000 to 2.7m (2000-2013) (Listin Diario, 2013), and PLD representation to 97 percent (Senate) and 57 percent (Chamber of Deputies) until 2010. Fernández himself was re-elected with 54 percent. Concentrated patronage power also fended off internal challengers. To illustrate, current President Medina noted after the 2007 PLD primaries that "this was a competition against the state and the state defeated me" (Diario Libre, 2007).

Aware of this electoral advantage, Fernández forestalled reform beyond formalistic changes. As a PLD Senator (Interview M) put it: "who makes himself strong for this reform is ... not the President." Fernández did not concede the MAP enforcement power or sufficient implementation resources (Interviews N, O), while institutional authorities warned the MAP Minister (Interview L) "afterwards you go and search who will campaign for us."

Reform resistance stemmed from monopolized patronage powers. According to a PLD coalition legislator (Interview J), "the political force which wins elections ... considers that the state belongs to it completely, 100 percent ... That is why it is so difficult to apply the [public service] law." In turn, "civil society [reform demands] cannot have an impact if the President has too much control" (Interview N). A donor official thus concludes despairingly: "how can you implement civil service reform in an ... environment like this? I would be shaking" (Interview O).

The first causal mechanism is thus turned upside down. A patronage monopoly greatly advantaged Fernández in elections—and dis-incentivized professionalization. Concomitantly, professionalization to deprive challengers of patronage—the second mechanism—was not in the cards: challengers lacked major patronage powers.

The theory thus operated in both cases as predicted. To further substantiate this assertion, the theory's congruence with challenger and successor actions is demonstrated.

5.3.3 Challengers and Successors: Patronage Powers and Professionalization Incentives

As noted, prior studies predict that incumbents resist reform while challengers demand it (Johnson and Libecap, 1994: 50). Where institutions deprive incumbents of patronage powers, the opposite should be—and is—observable.

Lacking patronage powers, challengers in the DR's legislature sought reform, initiating civil service legislation in 1991 and unanimously supporting the 2008 public service law: "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 ... a law ... says that ... recruitment is based on examinations, all can participate, my people and yours" (Interview P). By contrast, challengers in Paraguay's legislature resisted reform. They opposed strengthening the 2000 public service law and impaired implementation. Reporting requirements for key reformers—such as the Health Minister—exceeded those "of the last ten governments combined" (Interview F). "Permanent complaints" were made (Interview R), and "legislative sanctions" stalled other legislative projects of reformist ministers (Interview Q).

Successor reforms lend further credence to the causal inference. Paraguay's current President Cartes filled almost 25,000 vacancies through examinations in 2013-2015 against ANR legislator resistance (SFP, 2015). An alleged narco-trafficker, Cartes had won in 2013 as a wealthy outsider on an ANR ticket (Pompa, 2014). As in Lugo's case, institutions shifted patronage to ANR legislators, Cartes' main power contenders. Cartes in turn responded with professionalization. By contrast, the DR's current President Medina monopolized patronage—and stalled reforms.

Incumbents, challengers and successors thus sought to advance and resist reform as theoretically predicted (Table 4). Causal efficacy is thus suggested; yet, institutions allocating patronage powers could still merely constitute intervening variables. This is addressed next.

Table 4. Matching Cases and Theory

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

5.3.4 The Origins of Diverging Patronage Powers

In both cases, the determinants of diverging patronage power allocations did not cause professionalization. Institutions thus exerted independent causal power.

During the dictatorships of the twentieth century, the Presidency held a monopoly on patronage in both countries. In the DR, Trujillo (1930-1961) “sought to make all political and administrative decisions in person” (Kearney, 1986: 147); and Trujillo’s successor Balaguer institutionalized Presidential patronage powers in his 1966 Constitution (Espinal, Morgan and Hartlyn, 2010). Similarly, in Paraguay under Stroessner (1954-1989), “the executive ... exercised power in a totally arbitrary manner.” (Nickson, 1997: 25). Stroessner did so through a well-organized ANR, however, which administered executive patronage through 240 local party branches.

During Paraguay’s democratic transition, ANR electoral dominance and factionalization led to patronage power fragmentation. The post-Stroessner vacuum divided the ANR into a “federation of competing factions” (Powers, 1992: 34). ANR “intraparty division fostered a demand by elites for institutional elements” to resolve intra-party conflicts over patronage access (Zavala, 2013: 21). This internecine struggle resulted in the 1992 Constitution, which grants patronage powers to both the ANR-dominated Congress and subnational governments. ANR factions could thus secure patronage access even when losing intra-party contests for the Presidency. Depriving Presidents of patronage, however, unintendedly incentivized professionalization in 2008 when a President without strong legislative representation was elected.

In the DR's democratic transition, fragmentation incentives were lacking. Constitutional reforms in 1994 shifted a hybrid to an electoral democracy, but maintained Presidential patronage powers (Duarte and Espinal, 2008). Balaguer's PRSC lacked strong factions demanding legislative patronage powers (Lozano, 2002). Moreover, such powers would have granted patronage access to the opposition – which controlled parliament.

The causes of diverging patronage power allocations may thus not explain professionalization; institutions exerted independent effects. These effects, of course, need not have been substantive. Other factors could have caused most reform variation. This is ruled out next.

5.4 Ruling out Rival Explanations

Rival explanations were not at play. Socio-economic factors cannot account for reform variation. Political-institutional factors explain *limited* reform *expansion* in Paraguay—yet not reform *introduction*.

5.4.1 Socio-Economic Explanations

Neither demand from societal actors—public employees, donors, civil society and businesses—nor voter preferences can account for differential reform incentives.

Public employee demand was mute in both cases. In Paraguay, unions prioritized pay rises and patronage access through ANR legislators (Interviews R, S). Similarly, in the DR, union “objectives are directed at preserving ... prerogatives ..., not ... professionalization” (de La Cruz Hernández, 2011: 4).

Nor were donors responsible. In Paraguay, a \$4.2 million IDB civil service reform loan had been largely “forgotten about” until Lugo (Interview T). In the DR, donors were more involved, assembling the Participatory Anti-Corruption Initiative (IPAC). IPAC brought together 260 societal stakeholders, including in a working group on civil service reform. Yet, professionalization stalled.

Societal and business action was similarly ineffectual. In Paraguay, such action was largely muted. Clientelist businesses were antagonistic to state reforms (Nickson and Lambert, 2002); and NGOs uninvolved in key reform decisions (Interview U). A sole exception occurred when young professionals mobilized against a budget expansion to fund 5,000 political operators in 2012 (Nickson, 2012). This succeeded rather than caused reform introduction, however. In the

DR, societal action was more prominent—with a reform coalition of donors, NGOs and businesses—yet nonetheless ineffectual for merit reform (Schuster, 2014).

Voter preferences likewise prove not to be a factor. While no major shift towards public goods occurred, per capita incomes and education did improve. Net secondary school enrolment rates rose from 52 to 63 percent in Paraguay in the period 2002-2012 and 40 to 62 percent in the DR in the period 2000-2012 (World Bank, 2013a). Yet, “there was ... no realignment” (Interview V). Moderate poverty stagnated at 11 percent (DR) and 17 to 15 percent (Paraguay), as did vulnerable employment at 43 percent in the DR and 47 percent in Paraguay during the period 1997-2007 (World Bank, 2013a).

Rating employment as the greatest problem, Paraguayan voters continued to prioritize job demands over merit reforms (Consejo Impulsor del Sistema Nacional de Integridad, 2005). To illustrate, communities demanded from Lugo after his election that “now ... it is our moment to enter [government]” (Interview S). Similarly, in the DR, Fernández admitted “the government falls if it cannot incorporate citizens in some survival mechanism” like patronage and clientelism (cited in Benito Sánchez, 2010a, p. 754) Congruently, 75 percent of voters deem it justifiable or not corrupt if politicians provide state jobs to unemployed relatives (Morgan and Espinal, 2010).

Socio-economic factors were thus not at play.

5.4.2 Political-Institutional Explanations

Prominent political-institutional factors—electoral competition, political time horizons, party organization, party constituencies, electoral institutions, personal convictions and governability—cannot explain cross-case variation; they do, however, account for Paraguay’s *selective* reform.

To begin with, electoral competition was not a cause of reform. In both cases, a manageable numbers of relatively stable parties dominated elections—yet parties opted for patronage. In Paraguay, the two largest parties received at least 71 percent of Chamber of Deputies votes in 1992-2008. In the DR, the same three parties have alternated in the Presidency since 1978.

Political time horizons incentivized reform in the DR, but not in Paraguay. As a “permanent candidate for the Presidency,” Fernández expected the PLD “to govern after 2016 ... for the next 20 years” (cited in El Caribe, 2013; Interview W). By contrast, Lugo’s time

horizon—and thus expectation to reap longer-term reform benefits—was shorter. Impeachment threats started weeks into his Presidency.

Party organizations likewise do not explain diverging professionalization outcomes. Lugo's movement was "a conglomerate of independent people" (Interview X). In contrast, the PLD was characterized by strong party discipline and ability to enforce patronage contracts. In 2013, some 173,000 base committees were "thorough in keeping track of the supporters who fulfilled their part of the bargain" (González-Acosta, 2009: 163). Nonetheless, the PLD's broad party organization largely emanated from patronage provision *after* Fernández came to power (Keefer, 2002). With his small party, Lugo faced few patronage obligations. As a Vice-Minister of Agriculture (Interview G) explains: "I did not have debts [to repay] ... That gave me more possibilities [to professionalize]." Voter demands for patronage—and thus its electoral utility—were unaltered, however. In the DR, patronage obligations existed but did not curtail reform ability. "Subordination to [Fernández's] leadership" implied that "if [Fernández] says we will professionalize, it will be done" (Interviews Y, Q).

Party constituencies were similarly not at play. The PLD featured the most educated major party constituency (Schrack, 2010). By contrast, examinations disadvantaged Lugo's core constituency—the poor: "[our] political leaders complained that 'there are ministers who demand curriculums from poor people'" (Interview F). Principal-agent problems in patronage networks would similarly incentivize reform in the DR, but not in Paraguay, as the DR's state is twice as large as Paraguay's (Contraloría General de la República, 2013; SFP, 2011).

Comparable electoral institutions can also be ruled out. Both countries feature mandatory primaries and D'Hondt proportional representation systems. While the DR introduced an open-list system in 2002, "it is unlikely that [this] shift ... has greatly changed the incentives facing politicians ... as most ... vote for the party list as ... presented" (Singer, 2012: p. 73).

Governability concerns may, similarly, be ruled out. Fernández faced few: only control over small institutions was ceded to minority parties, which accounted for 8 percent of votes and had supported Fernández's presidential bid (Espinal, 2010). Lugo faced greater governability constraints: he needed legislative support to avoid impeachment and thus also appointed "figures who epitomize traditional partisan interests" (USAID, 2009: 29). This did not preclude *selective* professionalization, however.

Lastly, personal convictions were not involved. Lugo's personal aspirations complicated professionalization: he allegedly provided government jobs to more than 100 family members (Ultima Hora, 2008). In contrast, Fernández utilized patronage with great rationality. In his words, "power is translated in the following formula: who gives what, to whom, how" (Fernández, 2014).

In conclusion, rival explanations can be ruled out. Evidence from both cases thus strongly supports the theory. This, of course, need not imply generalizability. A paradigmatic reform case—the United States—is thus explored. Given prominent scholarly explanations, the U.S. is a particularly challenging external validity test. It is among "the most known examples of merit adoption" (Lapiente and Nistotskaya, 2009: 434) and "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: 16) 0

6. Patronage Power and Bureaucratic Professionalization in the United States

6.1 Background

For professionalization in practice, the Roosevelt Presidency (1901-1909) is the crucial U.S. episode to study. Prior to Roosevelt, the United States was an archetypical patronage democracy: "it had ... competitive elections, but votes were bought with the currency of public office" (Fukuyama, 2014: 148) A "blatant" patronage system "eliminated virtually all criteria for public office except political affiliation" (Ingraham, 1995: xviii). Merit legislation, in the form of the 1883 Pendleton Act, empowered Presidents to classify positions into the merit service, yet "had only a marginal impact on the spoils system" (Grindle, 2012: 66). Until 1901, only 38 percent of positions were classified—and this share excluded state and local employees, and non-eligible and war-funded positions (Johnson and Libecap, 1994; Skowronek, 1982). Consequently, "parties had no less federal or state patronage available ... in 1900 than ... 1883" (Shefter, 1993: 74).

Roosevelt's rise in this context was "in part accidental": Roosevelt lacked major patronage networks (Silberman, 1993: 271) and had "always stood outside regular party circles" in the governing Republican Party (Skowronek, 1982: 171). President McKinley had appointed Roosevelt, then New York Governor, in 1900 as Vice-Presidential candidate to attract

progressive voters (Silberman, 1993). Republican leaders saw little risk: the Vice-Presidency was powerless. Yet, it elevated Roosevelt to the Presidency after McKinley's 1901 assassination.

Roosevelt did not, however, control Congress. The Republican Party, which held majorities in both the Senate and the House of Representatives, was controlled by Senator Hanna in 1901. Hanna's influence stemmed partially from patronage to "countless offices in the civil service" (Morris, 2010: 96). Concomitantly, Hanna was frontrunner for the 1904 Presidential elections. Some estimated "he already had enough delegates to be nominated on the first ballot" (Morris, 2010: 95). To win the Republican nomination, Roosevelt needed to mobilize an electoral support base.

Roosevelt did so through professionalization and public goods rather than (solely) patronage and private goods. In "[t]he high point of reformist leadership," Roosevelt classified 137,500 positions into the merit service—40 percent more than the five previous post-Pendleton Act Presidents combined (Silberman, 1993: 277). The merit service thus reached 62 percent of the federal civilian government (Johnson and Libecap, 1994). "From this point on, party leaders would accept the notion of a minimally politicized civil service" (Silberman, 1993: p. 283). Institutions allocating patronage powers were in part at cause.

6.2 Patronage Powers and Professionalization Incentives

Resulting from a revolution against British monarchical powers, the U.S. Constitution fragmented powers. State and local governments controlled over 60 percent of spending in 1901 (United States Census Bureau, 2012) and control over bureaucracy—including patronage—was bifurcated between the President and Congress (Ingraham, 1995). Congress could introduce and approve budgets, provide lump sums for personnel expenditures to departments, determine individual and collective pay and promotion schedules, and authorize appointment and removal of a range of senior executive officials (Johnson and Libecap, 1994). Congressional courtesy—i.e., consultation of legislators for appointments in their districts—additionally provided each legislator with several hundred appointments (Silberman, 1993). Given these constraints, "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: 169).

Roosevelt thus faced a dilemma: he was deprived of important patronage powers, yet patronage was central in elections. Unable to compete through patronage alone, Roosevelt professionalized, as predicted, to compete through public goods and undercut challenger patronage access.

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" (Silberman, 1993: 272-273).

The public goods rationale is visible in Roosevelt's reform focus. By professionalizing technical positions for which "expertise was badly needed," the government acquired "the capacity to administer ... regulatory and social ... programs ... supported by many ... business leaders [and] groups further down the social scale" (Schultz and Maranto, 1998: 87; Shefter, 1993: 80-81).

Reform also undercut challenger patronage. In safe Republican districts, Roosevelt professionalized almost 15,500 postmaster patronage positions (Skowronek, 1982: 178), which had previously "served only to strengthen local party officials and [legislators] tied to them" (Johnson and Libecap, 1994: 62). Moreover, the political use of positions was prohibited and employees soliciting pay increases or legislation from legislators dismissed (Johnson and Libecap, 1994). This "served to undermine congressional party influence within the administrative structure" (Silberman, 1993: 274).

As theorized, challengers resisted professionalization: the reform's "chief obstacle was a Republican Congress" and reform "became mired in bitter opposition from congressional leaders" (Skowronek, 1982: 172-173). Professionalization nonetheless advanced: with merit legislation, Roosevelt could professionalize unilaterally.

Institutions allocating patronage powers thus plausibly *contributed* to reform. Prior studies had pointed to Roosevelt's personal convictions, socio-economic change, principal-agent problems, and the blanketing-in of appointees, among other considerations (Johnson and Libecap, 1994; Silberman, 1993; Skowronek, 1982). The patronage power theory nonetheless remains plausible. Roosevelt faced limited principal-agent challenges in his small patronage network, "blanketed in" predecessor appointees rather than his own; professionalized *rapidly*

facing *gradual* socio-economic change and “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.” (Silberman, 1993: 272)

In conclusion, the U.S. case points to external validity of the theory. Its broader implications may thus be discussed.

7. Conclusion: Institutions, Patronage Power and Good Government

In many states, merit remains a Holy Grail. When it may be found is poorly understood: existing studies are marred by dissent. This paper advanced an original theory which improves this understanding. Empirical data from three Presidential democracies provided strong confirmatory evidence for the theory.

Anecdotal evidence suggests the theory may also shed light on parliamentary systems—and thus patronage reform in democracies more generally. To illustrate, consider the United Kingdom’s “watershed” reform: Premier Gladstone’s 1870 Order-in-Council for competitive examinations (Silberman, 1993: 401). Gladstone had risen to premiership in a patronage democracy without major patronage powers. Most state institutions were controlled by Members of Parliament (MPs) who were appointed to head state institutions by their peers in parliament. Horizontal decentralization, however, equipped these institutions with autonomous appointment and promotion powers outside Gladstone’s control (Parris, 1969). As predicted, Gladstone responded by imposing merit as a general criterion for entry into public service. Both causal mechanisms appear to have been at play. Reform deprived MPs of patronage access and thus “the most important underpinnings of their independence” (Silberman, 1993: 340); and enhanced Gladstone’s public goods provision to voters, hence providing a “means [to] ... appeal directly to constituencies.” (Silberman, 1993: 398)

As this vignette illustrates, the theory can plausibly help to explain patronage reform in a range of democratic contexts. Incumbents professionalize when institutions deprive them and their allies of patronage powers. Professionalization is thus an unintended consequence of prior patronage fragmentation. The origins of professional bureaucracies can lie in the formal institutional design of patronage states.

This insight sheds new light on the origins of good government, institutions and power fragmentation. Most straightforwardly, the theory offers a new explanation of transitions towards

professional states, uncovers an overlooked explanatory factor and resolves some disputed inferences in prior studies. Whether electoral competition and the rise of political outsiders incentivize professionalization, for instance, may hinge upon whether institutions deprive incumbents of patronage powers.

The theory also challenges a central assumption about patronage states: “that formal rules have only weak or substantively uninteresting political effects” (Levitsky and Slater, 2011: 2). In the “weak institutional environments” of patronage states, formal institutions are argued to be “neither minimally stable nor routinely enforced” (Levitsky and Murillo, 2009: 116; Levitsky and Murillo, 2013: 93). Yet, institutions allocating patronage powers were, in the cases studied, stable and enforced, and exerted causal efficacy. Strong formal institutions may thus exist in weak institutional environments.

Moreover, they may contribute to bringing about strong institutional environments. Prior studies had found formal institutions to be “not particularly useful” (Kitschelt and Wilkinson, 2007, p. 44). Their inferences were drawn from mainstream electoral and political institutions; institutions allocating patronage powers arguably shape reform incentives much more directly. Valid insights into the causal efficacy of institutions in patronage states thus require re-conceptualizing which institutions matter in patronage contexts.

Lastly, the theory uncovers an overlooked benefit of institutional power fragmentation. The debate about the effect of fragmentation on good government has been long-standing (see, classically, Madison, 1787). The effect of fragmentation on the *transition towards* good government has not been considered, however. This paper fills this gap: good government can arise from fragmented control over bad government.

Annex

Annex A. “Most Similar” Cases Selected: Paraguay and the DR

Explanatory Variable	Paraguay	Dominican Republic
Form of Government	Presidential Democracy	
Electoral Institutions	List Proportional Representation	
Bureaucratic Rule of the Game (see IDB, 2006)	Patronage (Merit in bureaucracy in 2004: 16/100, Paraguay; 19/100, DR)	
Societal Demand for Public/Private Goods (proxied by UN Human Development Index, HDI)	Human Development: Medium (HDI 2012: 0.67, Paraguay; 0.70, DR)	
Donor Support	Support from Multiple Donors , including the IDB	
Policy Blueprint	Latin American Civil Service Charter	
Political Competition	Competitive Two-Party System (Congressional vote share of two largest parties: 58% (Paraguay) and 80% (DR), 2008 / 2010)	
Incumbent Legislative Representation (when coming to power ⁸)	Minority representation (1 of 45 (Paraguay) and 1 of 30 (DR) Senate seats)	
Per Capita Incomes (2008; see World Bank, 2013a)	Lower Middle \$1,519	Middle \$3,730
Democracy (2012 Freedom House (FH) score)	Partly Free (FH Score: 3)	Free (FH Score: 2)
Institutions Depriving Presidents of Patronage Power	Strong (Quasi-parliamentarian system)	Weak (Hyper-presidentialist system)

⁸ Congruent with the reform episode studied, DR data is from 2004 and thus Fernández’s second term.

Annex B. State Institutions Included in Expert Survey

Paraguay (number of employees as of 2010; data from SFP)

Paraguay (number of employees as of 2010; data from SIP)							
	Public Servants (192,305 out of 260,965 covered by survey)	Ministries			Non-departmental agency or executive institution		
Finance	4,214	Ministry of Finance (includes tax administration) (2,304 employees)			Central Bank (887 employees)	Customs (1,023 employees)	
Education	95,647	Ministry of Education and Culture (81,180 employees)			National Universities (14,467 employees)		
Health	42,713	Ministry of Public Health (30,004 employees)			Institute for Social Provision (12,709 employees)		
Economic Development	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 and Yacretá Hydro-electric Dams (5,336 employees)	
Justice	33,169				Supreme Court of Justice (8,989 employees)	Attorney General (4,015 employees)	Electoral Justice (20,165 employees)

Dominican Republic (number of employees as of January 2013; MAP and *Contraloría General* (General Audit) data)

	Public Servants (245,085 out of 479,400 covered by survey)	Ministries			Non-departmental agency or executive institution		
Finance	13,544	Ministry of Finance (3,389)			Central Bank (2,016)	Tax admin, (DGII) (2,682)	Customs (5,457)
Education	123,694	Ministry of Education (115,359)			National University of Santo Domingo (8,335)		
Health	60,743	Ministry of Public Health (59,984)			National Health Insurance (SENASA) (759)		
Economic Development	35,005	Ministry of Agriculture (12,285)	Ministry of Industry (610)	Ministry of Public Works (11,346)	State Electricity Companies (10,764)		
Justice	12,099				Supreme Court of Justice (6,454)	Attorney General (5,458)	Electoral Justice (187)

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(current or former positions)

Interview A, Journalist, Asunción, Paraguay, November 13, 2012

Interview B, Director, National Council for State Reform, Santo Domingo, DR, April 11, 2013

Interview C, Director, Ministry of Health, Asunción, Paraguay, November 5, 2012

Interview D, Advisor, Ministry of Finance, Asunción, Paraguay, October 30, 2012

Interview E, Minister of Civil Service, Asunción, Paraguay, November 7, 2012

Interview F, Minister of Health, Asunción, Paraguay, November 1, 2012

Interview G, Vice-Minister of Agriculture, Asunción, Paraguay, November 26, 2012

Interview H, Analyst, NGO, Asunción, Paraguay, November 21, 2012

Interview I, Advisor, MAP, Santo Domingo, DR, April 24, 2013

Interview J, Legislator, Santo Domingo, DR, June 6, 2013

Interview K, Journalist, Santo Domingo, DR, April 9, 2013

Interview L, Minister of Public Administration, Santo Domingo, DR, June 26, 2013

Interview M, Legislator, Santo Domingo, DR, April 9, 2013

Interview N, Donor Official, Santo Domingo, DR, April 3, 2013

Interview O, Donor Official, Santo Domingo, DR, May 16, 2013

Interview P, Director, National Office for Personnel Administration, Santo Domingo, DR, June 19, 2013

Interview Q, Minister of Finance, Asunción, Paraguay, November 26, 2012

Interview R, Union Leader, Asunción, Paraguay, November 7, 2012

Interview S, Minister of Civil Service, Asunción, Paraguay, November 26, 2012

Interview T, Donor Official, Asunción, Paraguay, October 30, 2012

Interview U, Director, Ministry of Civil Service, Asunción, Paraguay, November 9, 2012

Interview V, Legislator, Asunción, Paraguay, November 9, 2012

Interview W, Minister of Education, Santo Domingo, DR, April 25, 2012

Interview X, Director, Ministry of Finance, Asunción, Paraguay, October 22, 2012

Interview Y, Academic, Santo Domingo, DR, June 7, 2013

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