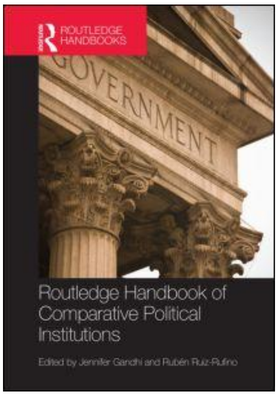

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Jennifer Gandhi, Rubén Ruiz-Rufino

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Victor Lapuente
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BUREAUCRACY

Victor Lapuente[1]

The dinosaur in the institutionalist room

The intellectual parents of our current democracies – among others, the likes of Locke, Montesquieu, Smith, Burke, Tocqueville, and the founding fathers—devoted very little attention to the bureaucracy in their cornerstone discussions on how political power should be allocated in a society. They had a relatively well-grounded justification: the bureaucracies of their time were objectively small. For instance, the overall U.S. federal bureaucracy contained less than eight hundred people in the 1790s, and the currently all-mighty Department of State, fit into two rooms, where a doorkeeper, a messenger, and four officials assisted the secretary (Grindle 2012: 61).

Nowadays, with bureaucracies employing millions of employees in most countries, there is little excuse to leave bureaucracies aside when deliberating on the appropriate design of government. And, yet, the most influential contemporary institutional thinkers, *as if* path depended on their predecessors' mental frameworks, continue to overlook the role of public administrations. The vast and methodologically very heterogeneous literature, linking good institutions to economic development (North 1990; De Long and Shleifer 1993; Mauro 1995; Acemoglu *et al.* 2001, 2002), has largely focused its attention on the two extremes of the policy process—decision-making and policy outcomes—overlooking the bureaucratic apparatus that lies in-between.

First and foremost, scholarship concern has concentrated on the institutions involved in the process of decision-making, such as: who takes the major policy decisions in a country (e.g. an autocrat ruler, a cabinet supported by a PR-elected parliament, a directly-elected president in combination with a first-past-the-post legislature); constraints to take opportunistic actions (e.g. expropriation of private property); and incentives to adopt socially beneficial policies (e.g. provision of public goods). We have undoubtedly learned a lot about how these decision-making institutions shape socio-economic progress (e.g. Persson and Tabellini 2003), but this literature has produced few normative implications on the question of which policymaking institutions are more desirable to deliver good policies. A normative answer has not even been given to the question of whether a democratic policymaking is an unequivocally better provider of quality of government than an autocratic one (Charron and Lapuente 2010).

Authors have frequently relied on composite indicators of the nature of policymaking in a policy—chief among them being the degree of unilateral control of the ruler over policymaking, in other words: up to which extent does the ruler have margin of maneuver to do as she (although generally he) pleases? For instance, Polity's famous variable "constraints on the executive" has been associated with good government (Acemoglu *et al*. 2001, 2002). Nevertheless, the macro correlations between constraints on the executive and good outcomes tell us little about which constraints matter more. For instance, if we look at Polity IV's constraints on the executive,[2] it is unclear whether it is more important that "the ruling party initiates some legislation or takes some administrative action independently of the executive" or if the key is that "the legislature or party approves some categories of appointments nominated by the executive"? Or simply is it the existence of "an independent judiciary," irrespective of the particular institutional equilibrium between the legislature and executive, that matters?

If not concerned about the decision-making process, scholars have directly looked at the outcomes—e.g. the quality of the policies—emerging out of this sort of black box, which the state apparatus constitutes for many researchers. Researchers have coined concepts aimed to encapsulate the quality of the policies delivered by a given government—e.g. "state capacity" (Besley and Persson 2009), "bureaucratic quality" (Öberg and Melander 2010), "impartiality" (Rothstein and Teorell 2008), or "inclusiveness" (Acemoglu and Robinson 2012). Yet, the answer to the relevant comparative question of "how come some countries have developed these high-quality polities" remains elusive. In addition, focusing on government outcomes, we again face a problem of identification, given the composite nature of indicators generally used to capture the overall levels of quality of government. For instance, which of the characteristics, compounding the highly used International Country Risk Guide's "bureaucratic quality index,"[3] matter more and why? Is it the "strength and expertise to govern without drastic changes in policy"? Is it being "autonomous from political pressure and having an established mechanism for recruitment and training"? In other words, is it a question of size and resources of a state bureaucracy? Or is it a question of having a certain type of bureaucrat?

All in all, mainstream comparative literature on institutions has tended to look at both ends of a state apparatus—i.e. who takes the decisions and which type of outcomes we do get—while its inner workings—i.e. how the bureaucracy transforms decisions at the top into street-level outcomes—are largely treated as a black box. Outside academia, bureaucracy has not enjoyed very good press either and the term bureaucracy itself has a pejorative connotation. The "mobilization of bureaucratic sentiments" (Olsen 2006: 1), and the replacement of bureaucratic organizations for more market-like solutions, has fostered the conviction that bureaucracy is an "organizational dinosaur" to which "it is time to say good-bye" (ibid.).

This chapter is devoted to show that the bureaucratic dinosaur is alive and plays a critical role in understanding the overall prosperity of nations, on a large variety of dimensions. It does so by, in the first place, reviewing recent contributions that have aimed to dissect the institutional underpinnings of bureaucracies. In particular, it focuses on studies that attempt to operationalize and measure bureaucratic characteristics, which can "travel well" across countries and, thus, can provide the basis of fruitful comparative analyses. This strand of literature is still in its infancy, but is already providing stimulating theoretical insights and empirical evidence, on the decisive role of bureaucratic institutions for both facilitating the best (e.g. economic growth, quality of government) and preventing the worst (e.g. corruption, social conflict). In addition, the next sections offer some original empirical indications on the importance of bureaucracy for understanding long-term economic performance and quality of government.

The review largely relies on research conducted mostly together with Carl Dahlström (2012, 2013),[4] but also with Agnes Cornell (2012, 2014). Many relevant questions will remain unanswered after reading this chapter, not least the question of how "good" bureaucracies emerge in the first place. Consequently, the chapter is merely an invitation to deepen our, so far limited, understanding of the "nuts and bolts" of state machineries. In order to fully comprehend the effects of institutions, we need to have a paused look at this big organizational dinosaur we have had in the room, for at least several decade, – and that has largely remained unnoticed while research efforts have been devoted elsewhere. As Olsen (2006: 1) stated, "maybe it is time to rediscover bureaucracy."

Bureaucracy and the economy

Max Weber is the first known scholar to have remarked on the role of what later would be called *Weberian Bureaucracy* for socio-economic progress. In his own words, bureaucracy was "technically the most perfectly adapted form for achieving the highest level of performance" (Weber [1922] 1978: 973). Weber triggered a strand of thought, where we could also include Polanyi ([1944] 1957), contending a sort of "bureaucracy as a tool of growth" hypothesis (Evans and Rauch 1999: 479). The view of these scholars is obviously in sharp contrast to what could be labelled the "bureaucracy (except for protecting property rights) as enemy of growth" hypothesis or "Smithian" view of government (ibid.), such as Niskanen (1971) or Buchanan, Tollison, and Tullock (1980).

One of the main shortcomings of this debate between defenders and opponents of bureaucracy has traditionally been the lack of comparative measures of bureaucracies. We have benefited a lot from case studies showing particular mechanisms, through which bureaucracies have played a decisive role on economic development, particularly, in Asia (e.g. Johnson 1982, on Japan, Amsden 1989, on Korea, or Wade 1990, on Taiwan). Despite the useful insights emerging from these studies on the positive role of bureaucracy in the "East Asian Tigers," such as the intriguing and thought-provoking Evans' (1995) concept of "Embedded Autonomy," there are palpable problems of inference from research of this nature.

In order to address the lack of comparative data, Evans and Rauch (1999) built their highly cited *Weberianness Scale*—an indicator based on country-expert evaluations collected in the early 1990s. The index captures the "degree to which core state agencies are characterized by meritocratic recruitment and offer predictable, rewarding long-term careers" (Evans and Rauch 1999: 749). Following Weber, Evans and Rauch focus on a specific bureaucratic feature—the civil service—and the underlying assumption is that what matters the most in a bureaucracy and what determines most of its behavior, is the conditions under which public employees work, and not so much other characteristics, conventionally associated with a Weberian bureaucracy, such as "hierarchy" or "standardized procedures." For example, some items in Evans and Rauch's Weberianness Scale measure the importance of exams (instead of political appointments) in recruiting civil servants, or whether civil servants have secure tenure and are likely to stay in the civil service (instead of being dismissed by politicians). The mechanisms through which a Weberian bureaucracy would foster economic growth are, according to Evans and Rauch (1999; see also Rauch and Evans 2000), multiple, including: more competent public employees (vis-à-vis a politicized administration); longer time horizons for employees (unlike political appointees, who are more likely to behave myopically, given their shorter time horizon: until the next elections); a bureaucratic esprit de corps and a sense of shared norms among peers (vis-à-vis the more unstable working environment when concerns of political loyalty dominate) that incentivizes good performance and deters corrupt practices. Nistotskaya (2009) adds another mechanism, namely that meritocratic bureaucracies foster economic growth because their impartiality allows would-be entrepreneurs to take the risky decision of investing.

Evans and Rauch (1999) show how countries that rank higher in their Weberianness Scale (e.g. Spain, Singapore, Taiwan) exhibit higher growth rates, in the 1970–1990 period, than countries with a less Weberian administration (e.g. Syria, Haiti, Ecuador), even when controlling for other variables used in standard growth models. On the one hand, their solid result could be conditional on the fact that Evans and Rauch's dataset only covers 25 "semi-industrialized" countries. It may thus be the case that bureaucracy matters at a crucial moment of industrialization, but, that it could have a negligible or even negative effect on growth, both before and afterwards. Additionally, in their sample there is clearly an overrepresentation of East Asian Tigers, and of other countries ruled by "developmentalist dictators" in the post-war period, such as Spain, and, consequently, we do not know whether the effect of a Weberian bureaucracy is conditional or a by-product of a historically specific type of authoritarian rule. On the other hand, Evans and Rauch's study is a very important contribution to a field that badly needs to put some "numbers" to the vague ideas of what constitutes a Weberian bureaucracy. Although only an exploratory cross-country analysis, an (in their own words) uncontroversial conclusion of their research is that the "Weberian-state hypothesis" deserves more attention from social scientists. An attention that, unfortunately, it has not yet received.

Figure 16.1 visually revisits the relationship between Weberian bureaucracy and economic growth, studied by Evans and Rauch (1999), with a dataset collected almost two decades after, the Quality of Government country-expert survey. In three waves (in 2008–2009, 2010, and 2011–2012), 1,053 public administration experts gave their views on several characteristics of the public administrations of 135 countries.[5] The figures show that there seems to be a high correlation between the level of economic development of a country (i.e. income per capita) and the average answer of the experts on the country's public administration to the following question: "*When recruiting public sector employees, the skills and merits of the applicants decide who gets the job?*"

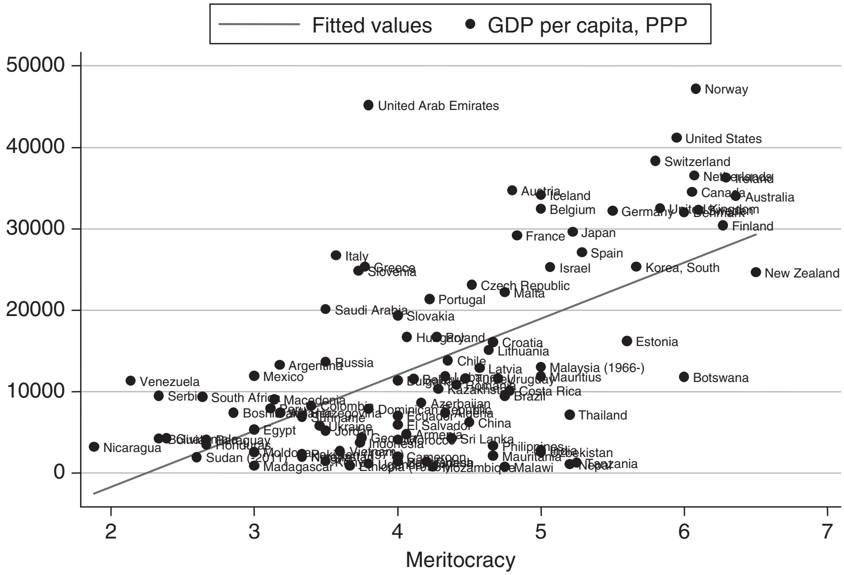

Figure 16.1 Degree of merit-recruitment in the public sector and GDP per capita

Notes: The figure shows the correlation between merit-recruitment in the public sector and wealth. GDP data from the World Development Indicators Dataset by the World Bank, refers to year 2009. The meritocracy data is from Teorell *et al.* (2011). The 102 countries with available data are included in the sample.

(with 1 meaning *hardly ever* and 7 *almost always*). One can see that countries where public employees are meritocratically recruited are richer than countries where politicians decide at will who works in the public bureaucracy.

Unlike Evans and Rauch (1999), we are in a position to argue that this association, between a merit-based administration and economic wealth, not only holds for developing or emerging countries, but also for advanced industrialized economies. This can be better seen in Figure 16.2, where the sample is restricted to OECD countries. Advanced capitalist economies also seem to benefit from a more merit-based administration. OECD countries, where public employees are recruited according to their merits (e.g. Netherlands, Norway, Australia), are wealthier than other advanced economies, where both public administration scholars (Piattoni 2001) and this survey's country-experts consider that civil servants owe their positions to political connections (e.g. Greece, Italy, Mexico).

Figure 16.3 allows us to address—if far from solve, then, at least, preliminarily address—an obvious problem of endogeneity. What if the arrow of the causal relationship between merit-based bureaucracy and economic development actually goes in the opposite direction? Maybe what simply happens is that, as countries become wealthier, they can allow themselves to have a better trained and merit-recruited bureaucracy. Figure 16.3 provides an intuitive answer that, at the very least, seriously questions an interpretation of the causality as mostly going from economic development to bureaucratic institutions. The countries in red are those that Charron *et al.* (2012) coded as having a non-bureaucratic (or patrimonial) "state infrastructure" around the year 1800 and the countries in green are those coded as having a bureaucratic (or merit-based) state infrastructure, also at the beginning of the nineteenth century. The codification is mostly based on the classification made by Thomas Ertman in his encompassing *Birth of the Leviathan* (1997), probably the most documented typology of the administrative structures that Western countries

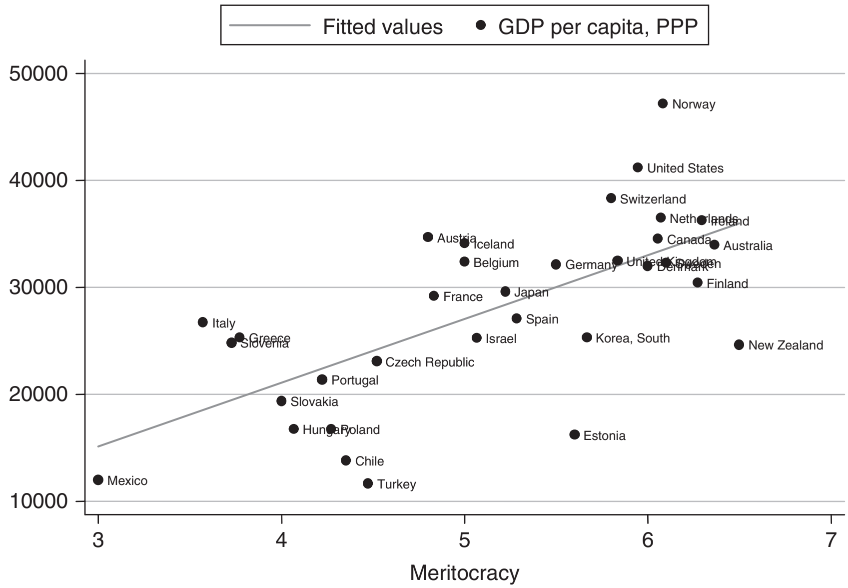

Figure 16.2 Degree of merit-recruitment in the public sector and GDP per capita in the OECD

Notes: The figure shows the correlation between merit-recruitment in the public sector and wealth in the OECD. GDP data from the World Development Indicators Dataset by the World Bank, refers to year 2009. The meritocracy data is from Teorell *et al.* (2011). The 33 OECD countries with available data are included in the sample.

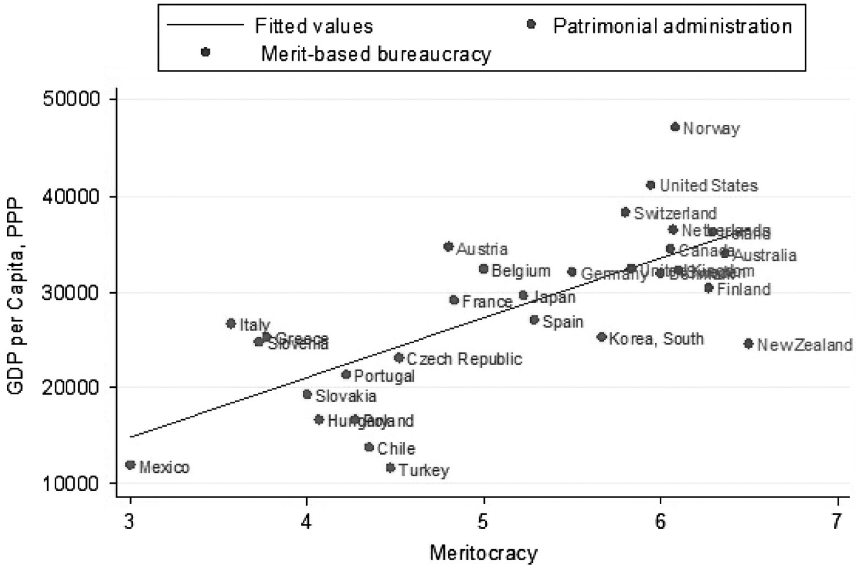

Figure 16.3 Historical legacies of administrative structures and GDP per capita for 30 OECD countries

Notes: The figures show that countries with a legacy of merit-based meritocracy from the eighteenth century are the wealthiest OECD countries of today. The colour coded historical legacies dichotomy is from Charron *et al.* (2012) and refers to the twelfth century bureaucracy. GDP data from the World Development Indicators Dataset by the World Bank, refers to year 2009. The meritocracy data is from Teorell *et al.* (2011). The 30 OECD countries with available data are included in the sample.

developed during their state-formation processes. We see quite clearly how countries that—for whatever reason (I will cover this question later, yet it is worthwhile to anticipate that there is no clear connection between political or democratic development and state infrastructure)—had consolidated a patrimonial state infrastructure during their process of state formation, are notably poorer than countries that started the nineteenth century with a bureaucratic state infrastructure. If—and this is a big "if"—it is economic development that drives a country's type of bureaucracy, we need a theory and empirical evidence that goes back, at the very least, more than two centuries.[6] If not, what the graph indicates is that historical administrative legacies seem to exert an important effect on economic development, i.e. countries that used to have merit-based administrations also tend to have more meritocratic administrations today and tend to be substantially wealthier.

In other words, Figure 16.3, despite its exploratory character, points out that institutional legacies do seem to matter, as a large institutionalist literature has long noted. The novelty is that, while the existing literature has focused on the *legacies left by political institutions*—i.e. think of the research in political economy from the path-breaking work by North and Weingast (1989) to the influential book by Acemoglu and Robinson (2012)—here we see that the *legacies left by bureaucratic institutions* established centuries ago also may be of crucial importance for understanding contemporary economic success.

The bivariate observation in Figure 16.3 is obviously not satisfactory enough and we need to know much more on the micro-foundations of this bureaucratic hypothesis on the wealth of nations. We will discuss this as follows. Before doing so, it is important to mention some qualitative evidence showing the implausibility of the hypothesis that a meritocratic bureaucracy is merely an outcome of economic development. Indeed, it seems that a *struggling economy* may actually present better ground for the emergence of a merit-based bureaucracy than a buoyant one. For instance, Doner, Ritchie, and Slater (2005) note that one of the reasons why a meritocratic administration was consolidated in South Korea, Taiwan, and Singapore to a larger extent than in Indonesia, Malaysia, the Philippines, and Thailand, is that the former three countries suffered from "systemic vulnerability." South Korea, Taiwan, and Singapore were countries with "hard budget constraints" and countries where a "deterioration in the living standards of popular sectors" (ibid.: 328) was very likely. On the contrary, the economies of Indonesia, Malaysia, the Philippines, and Thailand were less vulnerable—which allowed rulers to "retain power with much less ambitious state-building efforts" (ibid.: 327). Along similar lines, Lapuente (2007) recalls the moment when state-building reforms were introduced in Spain under the rule of Dictator Franco (1939–1975): after a series of small-scale social revolts in Barcelona, the Basque country, and Madrid against the tough socio-economic conditions in the early 1950s Spain. When "facing the potential threats, derived from a struggling economy, the regime seemed ready to start a shift" (ibid.: 213), and Franco "became a developmental dictator" (ibid.: 173). That a bad economic situation was a driver for a meritocratic reform of the public administration was acknowledged by the head of the administrative reform, Mr. López Rodó, who argued that an efficient state could contribute to a per capita income of $2,000 and that this, in turn, would evaporate social tensions (ibid.: 214). In other words, many rulers—especially authoritarian ones—seem to foster a merit-based bureaucracy, instead of an easier-to-control patronage-based one, not as a result of economic development, but, on the contrary, as a consequence of bad economic performance.

Bureaucracy and good government

Charron *et al.* (2012) test a battery of potential mechanisms that could be mediating in relationship plotted in Figure 16.3, between the type of historical administrative structure and current levels of economic development. In particular, they find a notable effect of their historical administrative dummy on 17 variables capturing "good" institutions and outcomes that have also been subject to intense scrutiny by the so called *Legal Origins Theory* (La Porta *et al.*, 2008), such as the strength of judicial institutions, the type of financial laws and protections, the pervasiveness of government regulation of business, and standard indicators of good governance, such as the extent of corruption and the prevalence of the rule of law. Furthermore, Charron *et al.* (2012) show that their hypothesis on bureaucratic origins better accounts for the variation among the OECD countries, explored in terms of business-friendly policies, than the legal origins theory. Put simply, having an English or Common Law tradition instead of a German or French Civil Law one—a distinction that has been considered critical for the fate of a country at least since Hayek's (1960) famous argument on the superiority of the Common Law—may matter less than having a given (bureaucratic or patrimonial) "state infrastructure." When controlling for type of state origin (i.e. meritocratic or patrimonial), the type of legal origin does not seem as relevant as conventionally thought.

There are several reasons to disregard the assumption that the statistical connections between historical levels of meritocracy and contemporary outcomes, found by Charron *et al.* (2012), are spurious. In the first place, a large number of administrative scholars have noted that the robustness of different types of administration (i.e. more patronage-based vs. more merit-based) change because of the vested interests created. Famously, even Alexis de Tocqueville noted that the French Revolution was not able to alter the nature of the French bureaucracy (Rugge 2003). Shefter (1977) provides some mechanisms to support that observation, namely that in countries with meritocratic administrations, bureaucrats—in alliance with the middle-classes from where civil servants come from—form coalitions that are capable of mobilizing economic and know-how resources against eventual attempts, by political incumbents, to restore a more politicized administration. Conversely, in countries where public employment depends on loyalty to the executive, those networks of individuals benefiting from it will also react against meritocratic reforms. In other words, although many Western countries—take Spain as one of the most paradigmatic examples of change—have undoubtedly moved to having more meritocratic administrations than in the early nineteenth century, the history of their bureaucracies exerts a certain weight or inertia, namely that while meritocratic criteria matter more in some countries, in others it is loyalty to the incumbent that is more relevant for a successful career in the civil service.

In addition, the effects of the type of administration or state infrastructure that a country developed centuries ago may have "survived" across time through other mechanisms. For instance, there are reasons to think that the adoption of a certain legal system could be endogenous to the type of state a country had. Take Napoleon, considered to be the founding father of the French Civil Law system—a legal system that pushed for a more "top-down" approach to Law than the "bottom-up" Common Law prevailing in Britain. Could he have developed a legal system, which granted interventionist powers to the executive, if the French state had lacked an interventionist executive to start with? And, why did the Civil Law, which the Napoleonic armies spread through the European continent in the early nineteenth century, take a more interventionist edge in countries like Italy, Spain, or Portugal and a less interventionist turn in Northern Europe? In other words, there are reasons to think that the type of law a country developed (i.e. French Civil Law vs. less interventionist legal systems) was partially the result of—and also partially reinforced—the type of "state infrastructure" (i.e. bureaucratic vs. patrimonial). Relatively unconstrained executives, in terms of managing the strings of the state apparatus, pushed for the consolidation of legal systems that also gave executives as much powers as possible to control the judiciary.

The findings by Charron *et al.* (2012) also give support to the original and incisive, yet empirically limited, critique of the constitutionalist view by Avner Greif (2006, with González de Lara and Jha 2008). According to the "constitutionalists" (among many, North and Weingast 1989; Acemoglu *et al.* 2001, 2002) rules and institutions, limiting the (decision-making) power of rulers, represent the institutional foundations for credible commitment and, thus, for good government. Yet, as Greif astutely observes, the Magna Carta—or, for that matter, the constitutional arrangement after the Glorious Revolution—did not make the rule of law prevail over the discretionary rule of the ruler. What prevented the latter from abusing his (or her) powers was the absence of a body of directly accountable administrators willing to implement the monarchs' desires. The English monarchs—like their counterparts in Europe—wanted to take arbitrary decisions, but could not, as they literally lacked the "physical capacity" (González de Lara *et al.* 2008: 105) to execute abuses of property rights.

Thus, the picture that emerges from these recent studies is that we should revise the role played by legal origins and constitutions—the two main institutional foundations of credible commitment according to the conventional view in the scholarship—and, at the very least, include a third market-preserving institution—the existence of a merit-based bureaucracy. In light of these empirical explorations on the structure of state apparatuses, either nowadays or in Modern Europe, there seems to be a strong association between the way public employees have been recruited (meritocratically or at will) and long-term and non-distortionary policies. Figure 16.4 provides indications of a potential mechanism mediating between the personnel recruitment type in the public sector and economic development. It plots a high association

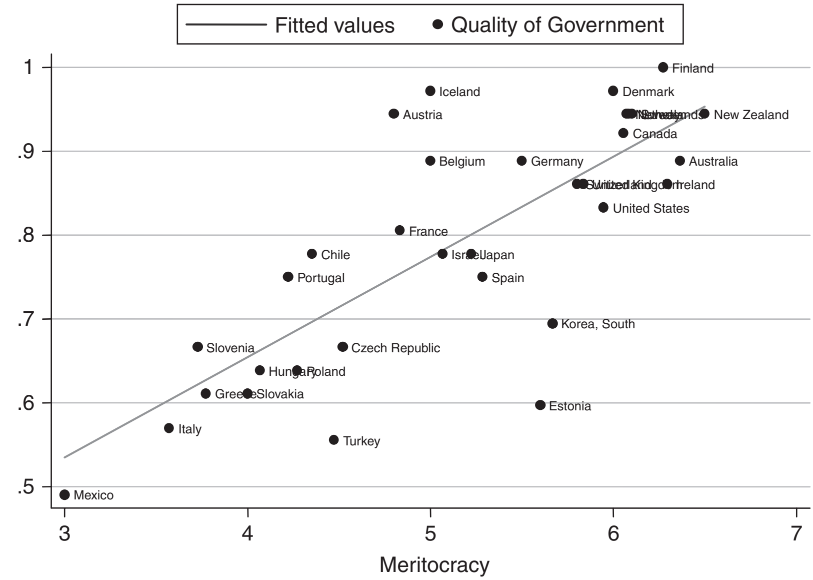

Figure 16.4 Meritocracy and QoG for OECD countries

Notes: The figure shows the correlation between merit-recruitment in the public sector and quality of government in the OECD. Quality of Government is the mean value of the International Country Risk Guide variables "Corruption," "Law and Order," and "Bureaucracy Quality," scaled 0–1, from Teorell *et al.* (2013). The meritocracy data is from Teorell *et al.*(2011). The 33 OECD countries with available data are included in the sample.

between the level of meritocracy in the public bureaucracy and a standard indicator of good governance—the *International Country Risk Guide*'s Quality of Government Index, that averages the levels of corruption, the respect for law and order, and the quality of the country's bureaucracy – for OECD countries.

There are some well-known exceptions, such as Austria and Belgium—two countries that have "not made the expected full transition from patronage politics to programmatic policies" (Kitschelt and Wilkinson 2007: 3)—and, yet, perform relatively well. Nevertheless, a closer look at these exceptions may shed some light on why their relative lack of meritocracy may not affect the overall quality of their policies that much. The position of Belgium could also be partially explained by the marked differences in subjective perceptions on quality of government in Flanders and Wallonia (Charron *et al.* 2014). Austria is a "case in point" (Müller 2006: 191) of a country, in which patronage has played a unique role as social integrator. In particular, patronage allowed the reconciliation of the major political subcultures—e.g. the reintegration of the former Nazis in the political system—that, for the first time in history, could be incorporated in the Austrian state (Secher 1958; Müller 2006).

Leaving aside these exceptions, the pattern emerging from Figure 16.4 seems quite straightforward: the more merit matters when recruiting public employees, the higher the quality of government. There are other additional mechanisms, through which meritocracy may lay the foundations of economic development. In the analysis of a "natural experiment"—i.e. the adoption of a merit system by many U.S. cities in the Progressive Era—James Rauch (1995) shows how merit-based local governments allocated more resources to long-gestation period projects, such as infrastructure which, in turn, are associated with significant increases in the growth rate of manufacturing employment. Similarly, where the public workforce is mostly composed of at-will employees, the policies with positive long-term economic effects tend to be, *ceteris paribus*, relatively neglected. Furthermore, Rauch and Evans (2000) indicate that the higher levels of expertise of bureaucrats recruited through formal examination systems may help to explain the higher rates of growth of developing countries with meritocratic administrations. Additionally, Dahlström and Lapuente (2013) provide a large-N comparative study where the level of meritocracy of a country's administration is found to exert a significant effect on the effectiveness of its government, even after subjecting the relationship to controls for usual political, economic, and cultural factors explaining government effectiveness. Dahlström and Lapuente's (2013) argument is not so much that meritocratic bureaucrats are "better types"—i.e. with more expertise than employees selected at will by political incumbents—along the lines of what Rauch and Evans (2000) argue, but that meritocratic bureaucrats are simply "different types" than political incumbents—and, consequently, bureaucrats become a check for politicians, and vice versa.

Bureaucracy and democracy

Against the theoretical discussions and the empirical material presented, it could be argued that a merit-based bureaucracy may in fact be endogenous to political institutions—i.e. that you need a democratic system in place in order to create a well-functioning bureaucracy. Virtuous bureaucracies would be the result of virtuous political systems. Nevertheless, I argue that there are two major objections to this interpretation. First and foremost, there is no empirical support for a "democracy comes first" hypothesis. In the most classic comparative accounts of the emergence of bureaucracies, the relationship between democratic institutions and bureaucracies is far from straightforward.

Second, as mentioned, Shefter considers that a Weberian administration requires the emergence and consolidation of a "constituency for bureaucratic autonomy" (1977: 413), yet, this could happen both in autocratic systems (think of nineteenth century Prussia) and in democracies (e.g. Britain). Democratic rulers do not necessarily foster merit-based bureaucracies, as shown by examples such as postwar Italy (Shefter 1977; Piattoni 2001), many Latin American countries since the early nineteenth century (Grindle 2012), or contemporary Greece (Sotiropoulos 2004; Papakostas 2001). Rather the opposite, many incipient and key pro-merit reforms have been undertaken by extremely authoritarian rulers. For instance, it was precisely in times of the all-powerful Sun-King Louis XIV—i.e. when the ruler's decisiveness was especially high—that the main characteristics of the French administrative state, and in particular the autonomy of the Grand Corps, took shape (Peters 1995).

Likewise, Ertman (1997) shows a dual effect of democratic institutions—or, to be more precise, proto-democratic parliamentarism—on the consolidation of meritocratic (or patronage-based) bureaucracies in Modern Europe. For countries that experienced sustained pre-1450 war, the survival of independent assemblies (i.e. England) allowed them to avoid the monarch-controlled patrimonialism, which the Spanish or French rulers were able to create, because they were less constrained by parliamentarian checks. Before 1450, thus, parliamentarism had a positive effect: it fostered the development of meritocratic bureaucracies. Nevertheless, Ertman argues that the effect of independent parliaments was negative on the countries that confronted sustained wars in the post-1450 period. In these cases—think of Prussia, Poland, and Hungary—authoritarian rulers had developed a strong preference for merit-based bureaucracies given their proven efficiency and, on the contrary, parliaments opted for patrimonial administrations. Consequently, authoritarian states, like Prussia, were capable of creating highly meritocratic administrations, while constitutional monarchies, like Poland and Hungary, ended up consolidating patrimonial state machineries.

In sum, there is no historical support for the argument that merit-based bureaucracies are the result of more democratic rulers. Yet, and this issue has also been overlooked in the literature until very recently, there are indications that a merit-based bureaucracy may have an important effect on democratic consolidation. For instance, Cornell and Lapuente (2012) explore the effect of the abovementioned type of "state infrastructure," which Western countries had acquired by 1800, on the stability of their democracies in the following two centuries. Their results show how the countries who entered the nineteenth century with a meritocratic state infrastructure—think of Scandinavian or Anglo-Saxon countries—had a very low probability of suffering a democratic breakdown, while those with a legacy of patrimonialism—think of France or Spain—had a much higher risk of experiencing an authoritarian reversal, either in the form of coups or auto-coups. That is, the historical consolidation of meritocratic bureaucracy seems a solid guarantor of democracy.

Nevertheless, as in all statistical correlations, we need to ask which specific mechanisms connect a meritocratic tradition within the state to the stability of democracy. Cornell and Lapuente (2012)—using the well-known case of President Nelson Mandela, who declined to dismiss the civil servants he inherited from Apartheid South Africa—argue that meritocratic bureaucracies minimize the "winner-takes-it-all" dynamics, characteristic of highly politicized administrations. Similarly, Lapuente and Rothstein (2014) argue that meritocratic bureaucracies prevent the spread of political disputes to all government layers, igniting, in turn, an overt social conflict, namely:

> using a basic water metaphor, it could be argued that the coalition of autonomous bureaucrats with a self-interest in keeping the neutrality of the state, because their career prospects in the administration would be diminished should they join active politics, plays the role of a dam that keeps the conflict confined to the policy-making arena.

On the contrary, in a politicized administration,

> bureaucrats with a self-interest in a partisan policy implementation – because their career prospects in the administration are augmented if they engage in politics – trigger a cascade effect, that expand the conflict from the policy-making arena – where elites could enjoy unique opportunities for a compromised face-to-face solution – to rank-and-file public agencies and administrative bureaus, and (critically) to citizens interacting with them.
>
> (ibid.)

An example of the former would be Sweden in the 1930s, where a potentially explosive labor-capital conflict—let's keep in mind that the Finnish civil war had occurred chronologically (1918) and geographically very close—was kept "inside the dam," The Swedish state, formed by highly autonomous meritocratic bureaucrats, was perceived by all social groups as impartial and thus no temporary "losers" felt the urgency to resort to subversive actions. On the contrary, both the left and the right governments during the Spanish Republic (1931–1936), politicized key positions in the public administration—in the security and armed forces, but also in the territorial administrations—that allowed them to implement policies in a partial way, which benefited supporters and harmed opponents. Consequently, two countries with a relatively high level of social conflict in interwar Europe—Sweden and Spain—took opposite paths to solve them: productive collaboration versus brutal confrontation. Exactly the same year (1936), in which labor and capital started to bargain the foundations of the Swedish welfare model in the iconic negotiations that took place in Saltsjöbaden, Spain witnessed the collapse of its democratic regime and the beginning of its disastrous civil war (Lapuente and Rothstein 2014).

Tentative policy implications and future research

The importance of state capacity in promoting the best (e.g. socio-economic development) and preventing the worst (e.g. violent civil conflicts) has been argued for a long time. Yet, an overview of the proxies for state capacity, used in the literature, shows us how difficult it is to extract policy implications in which institutions may be fundamental to prevent violent social confrontation, since they mostly are variables that Gourevitch would label as low-agency, as they leave "little room for human action and hence no room for politics" (2008: 137). For instance, Fearon and Laitin (2003) proxy state capacity with GDP per capita and De Soysa (2002) uses trade over GDP. Should we thus just wait and see until a country reaches the level of income needed to have good institutions? I would argue not: As numerous qualitative studies indicate that it might not have been the richest, but actually countries experiencing acute economic problems, which have built better institutions (Doner *et al.* 2005), it is doubtful to assume that economic development will eventually bring state capacity. Rather it seems like we need to build it.

Then the question is how? This chapter has suggested that recent studies, on the positive effects of meritocratic bureaucracies on economic growth, and the consolidation of democratic regimes, are a clear indication that state capacity may critically depend on the structure of public administration. Obviously more research is needed, but it seems that the same specific bureaucratic characteristics may be playing an important role in both of the "big" outcomes: promoting the best and preventing the worst, in a given society. For instance, in light of the evidence on the relevance of non-politicized bureaucracies, a message for democratic promoters, interested in the consolidation of democracy after the "Arab Spring," is that they "should evaluate the possibility of proposing administrative reforms that are – compared to other more complex institutional arrangements – easy to implement" (Lapuente and Rothstein 2014: 29). Among those administrative reforms, one could list the following: non-partisan (or bipartisan) civil service commissions to recruit public employees, like those operating in many Anglo-Saxon countries; establishing limits to civil servants' political activities, like those in place in late nineteenth-century Britain or Sweden. Likewise, the generous leaves of absence for bureaucrats who accept a political appointment or run for office, which exist in many countries, should also be eliminated because these incentives reward politicized, instead of impartial, actions.

These measures, aimed at creating a politically autonomous bureaucracy, could lead to improved levels of quality of government in light of the research we have summarized here. Nevertheless, there are reasons to suspect that a "too autonomous" bureaucracy may generate many governance problems. Fukuyama (2013) provides examples indicating that a more realistic approach is to think of an inverted-U-shaped relationship between bureaucratic autonomy and quality of government. A mostly politically dependent bureaucracy performs worse than a moderately autonomous one, but a highly autonomous bureaucracy can become dangerously unaccountable. That was, for instance, the case of early twentieth century Germany and Japan. Their aggressive foreign policies, which, in turn, fostered WWI and WWII, can, to a large sense, be explained by the fact that "both countries had developed very high quality, autonomous bureaucracies, particularly their military services, which then took over from the political authorities the task of formulating foreign policy" (Fukuyama 2013: 358).

Indeed, although in a much less dramatic way, the issue of how to control an autonomous bureaucracy is the cornerstone of the vast and sophisticated research on the American bureaucracy.

Building upon the classical rational choice views of bureaucracy of Tullock (1965) and Niskanen (1971), the late decades of the twentieth century witnessed an explosion of literature on how politicians could control bureaucratic agents (e.g. McCubbins and Schwartz 1984; McCubbins *et al.* 1987), which paved the way for the development of highly influential formal models (e.g. Epstein and O'Halloran 1994: Huber and Shipan 2002). The length and theoretical and empirical sophistication of this strand of bureaucratic literature cannot be summarized here, but, fortunately, a large number of encompassing literature reviews is available, among others, Bendor, Glazer, and Hammond (2001), Knott and Hammond (2003), Miller (2005), and Moe (2013).

It is plausible to expect that the future of research on public bureaucracies, and its contribution to answer the "big questions," will critically depend on the ability of the current generation of scholars to link the theoretical developments and sophisticated data treatments of this "American" approach to bureaucracies, to the rich insights of the comparative literature that has been surveyed in this chapter.

Notes

1 Special thanks to Lovisa Möller for invaluable research assistance.
2 For more information on the composition of this and other indicators from Polity IV, see www.systemicpeace.org/polity/polity4.htm.
3 On the International Country Risk Guide, see www.prsgroup.com/ICRG.aspx
4 See also Dahlström, Lapuente, and Teorell (2011) for an early presentation of this argument and its empirical backing, as well as Charron, Dahlström, and Lapuente (2012) for an application to the institutionalist debate on historical legacies.
5 For a more detailed discussion of the dataset, see Dahlberg *et al.* (2013) and Dahlström, Lapuente, and Teorell (2011).
6 Such a theory seems, at first sight, quite implausible given the fact that some of the most powerful or richest European powers in Modern Europe—e.g. Spain, France, or Italian city-states—did actually create patrimonial administrations, unlike other relatively less successful nations, such as, for instance, the Scandinavian countries.

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