

The Executive Dilemma

Legislative Cooptation and Cabinet Reshuffling

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15 January, 2019

An illustration



Figure 1: President Temer and Chief of Staff Ronaldo Fonseca

An illustration

- President Temer needs legislative support.
 - Appoints congressman Fonseca as Chief of Staff.
 - Leader of the evangelical bench.
- Minister Fonseca reshuffles the ministry.
 - Replaces former managers with network of followers.
 - Lawyer replaced by theologian as the presidency's ombudswoman.
- Loss of state capacity.
 - "Since then, Fonseca has had difficulties managing civil servants and [...] projects requiring his approval have slowed down."
(**Folha de São Paulo**)

Motivation

- Bureaucratic reshuffling is a political choice.
 - Affects quality of civil service.
- It is costly.
 - Executives balance the need for legislative support with loss of state capacity.
- This is not an isolated event.
 - Each mayor in Brazil plays a similar game.

Research question

- Under what conditions do executive leaders invest in state capacity? How does electoral accountability structure the executive trade-off between legislative support and the decision to reshuffle bureaucracies?

Main findings

- A stronger opposition is linked to increases in cabinet reshuffling.
 - Proportion of newcomers.
 - Firing.
 - Career servants.

- Literature review.
- Theoretical model.
- Case and data.
- Empirical findings.
- Conclusion and next steps.

- Breaking down state capacity.
 - Fiscal capacity. (Pardelli 2018, Centeno 1997)
 - Infrastructural power. (Soifer 2008.)
- Bureaucratic cohesion.
 - The degree to which bureaucracies are stable across administrations. (Kohli 2004, Evans 1995, Evans and Rauch 1999)

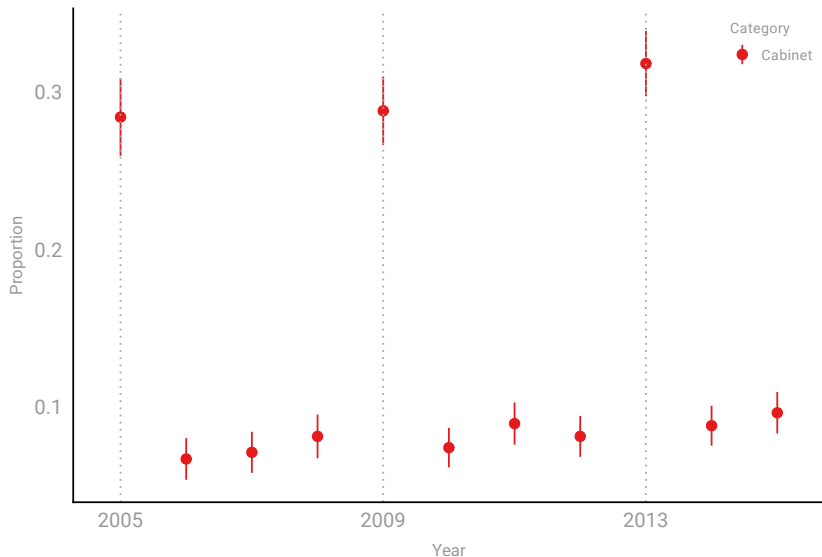
Historical institutionalism

- What explains variation in state capacity?
 - Institutional legacy → contemporary state capacity.
- Colonial legacy.(Acemoglu and Robinson 2001, Mahoney 2010)
 - Colonial elites underinvest in administrative institutions.(Kurtz 2013)
- Bureaucratic institutional reforms.
 - Civil service laws barred from enactment.(Grindle 2012, Evans 1995)
 - Bureaucracies exposed to political intervention.(Nunes 1997, Evans and Rauch 1999)

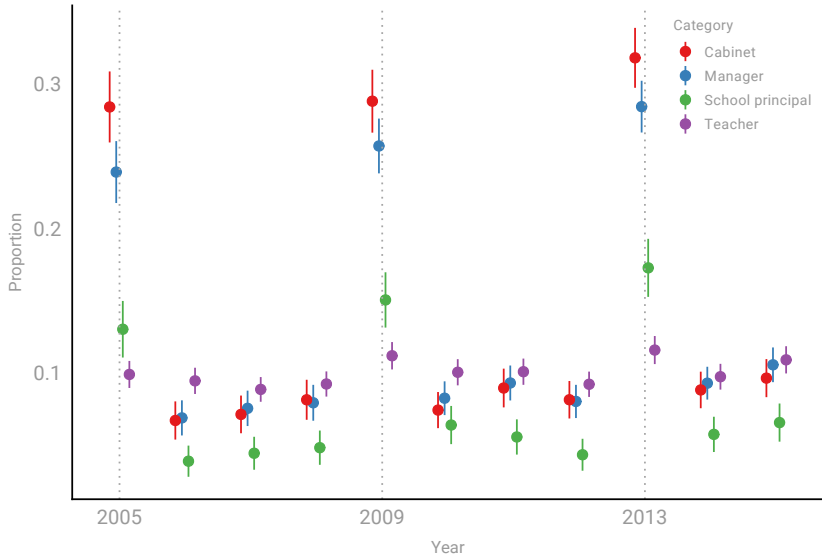
Theoretical gaps

- Intertemporal variation.
 - State capacity changes over time, depends on executive leadership. (Geddes 1994)
- Agency-based, localized approach.
 - Decentralization and the rise of local actors. (Falleti 2010, O'Neill 2005)
 - Electoral accountability and interaction between executive leaders and legislators.

Proportion of newcomers in municipal cabinet positions



Proportion of newcomers in municipal bureaucracies



Patronage and presidential coalitionism

- Public sector jobs are politically valuable.
 - Secure support from followers and politicize public services.(Colonnelli et al. 2017, Oliveros 2016)
- Presidential coalitionism.
 - Executive leaders give jobs in exchange for legislative support.(Figueiredo and Limongi 2012, Neto 2006)
 - Protect key positions from political appointments.(Loureiro and Abrucio 1999)

The executive dilemma

- Mayors are career oriented and value reelection.
 - Electoral accountability. (Ferejohn 1986, Coate and Morris 1995.)
- Public goods a probabilistic outcome of state capacity.
 - Reduced when executive engages in patronage.
 - Depends on budgetary approval by the legislative.

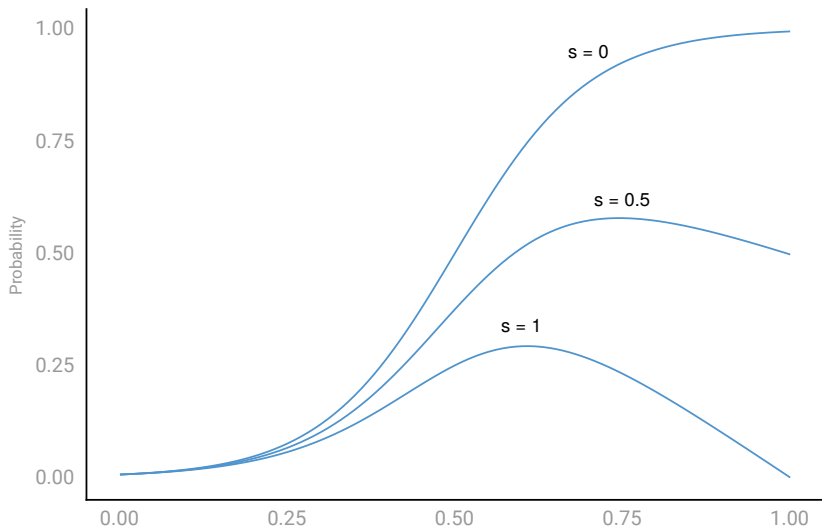
Timing of the game.

- ① Nature draws the politician's type (competent or not) and opposition's legislative share s_1 .
- ② Politician observes her type and invests in bureaucratic quality θ_1 .
- ③ Realization of public good $\omega_1(\theta_1, s_1)$.
- ④ Voter observes ω_1 and votes to retain or fire the incumbent.
- ⑤
 - a. If incumbent is retained, she sets θ_2 and nature draws $\omega_2(\theta_2)$.
 - b. If incumbent is fired, challenger sets θ_2 and the game ends.

The executive dilemma

- Bureaucratic turnover poses a dilemma.
 - Decreases the probability of reelection.
 - Facilitates cooperation by the legislative opposition.
- Main proposition.
 - Increases in the opposition share of the legislative reduce executive incentives for investing in bureaucratic quality.

Opposition legislative share and the choice for bureaucratic quality



The case and data

- Brazilian municipalities and politicians (TSE).
 - 5,500 mayors and 50,000 local legislators.
 - 3 electoral cycles.
- Municipal bureaucracies (RAIS).
 - 750,000 bureaucrats per year (2005-2015).
 - Access to micro-level information on bureaucrats.
- Other data.
 - Campaign contributions (TSE).
 - Municipal demographic data (IBGE) and budget (FINBRA).

Government structure and local bureaucracies

- Hiring decisions are under executive jurisdiction.
 - Mayors have exclusive prerogative over who to hire or dismiss.
- Budgetary approval conditional on legislative support.
 - Ultimately, legislators must approve the local budget.
- Bureaucracy embedded in an executive-legislative political game.

Empirical test

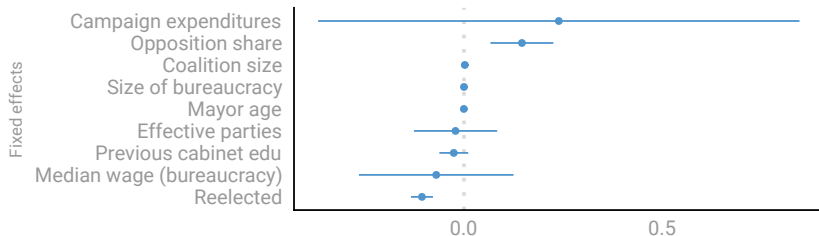
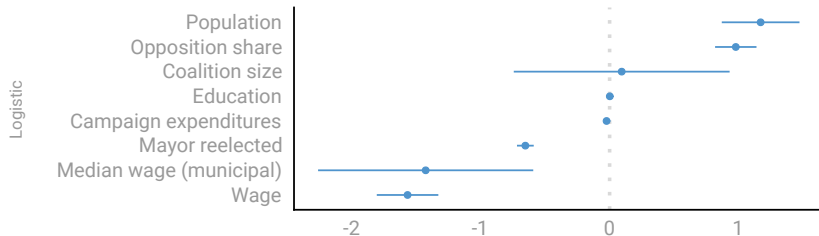
- Two specifications, focus on cabinet members.
 - Micro-level and municipal level aggregation.
 - Three outcomes: newcomer, fired, career servants.
 - Main predictor: share of legislative seats held by the opposition.
- Logistic regression.

$$\text{logit}(Y_{ijt}) = \alpha_{st} + \gamma \text{Opposition Share}_{jt} + \beta X_{ijt} + \xi W_{jt} + \epsilon_{ijt}$$

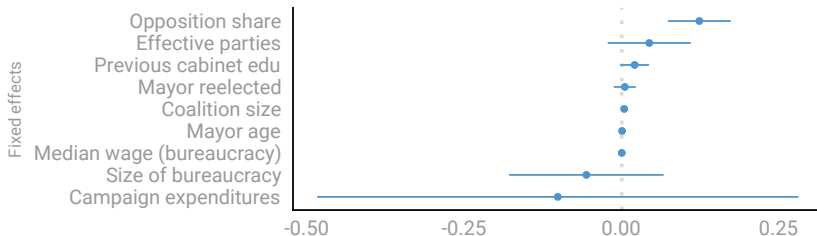
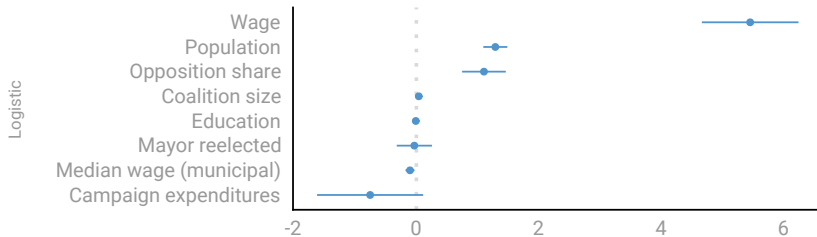
- Fixed effects regression.

$$y_{jst} = \alpha_s + \delta_t + \gamma \text{Opposition Share}_{jt} + \xi W_{jt} + \epsilon_{jt}$$

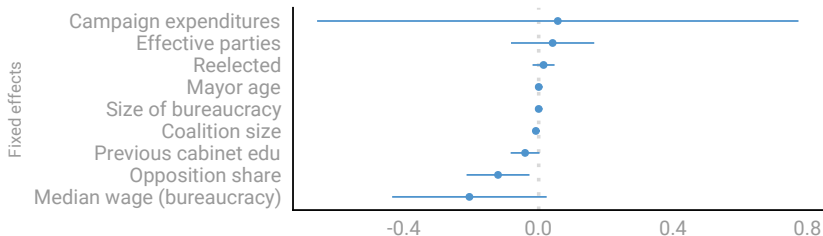
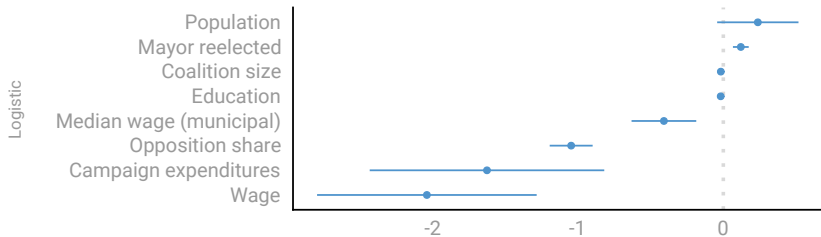
Model results (newcomer)



Model results (fired)



Model results (career servants)



Conclusion and next steps:

- Executive-legislative relations explains variation in cabinet turnover.
 - Political calculus underlying bureaucratic reshuffling decisions.
- Electoral accountability and veto power.
 - Hiring principals do not fully internalize the benefits of higher state capacity.

Next steps:

- The search for an instrument continues.
- Probabilistic match of bureaucrats to partisan affiliation.
 - Unpack which parties receive patronage.
- Expand analysis to different branches of bureaucracies.
 - Particular focus on education.
- Link bureaucratic turnover to welfare outcomes.
 - Preliminary results suggest staff reshuffling reduce student educational performance.

Thank you!
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