

Why and When Politicians Create Civil Service Examinations

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Introduction

Why do some states, when in the process of state-building, choose to enact professional bureaucratic organization, while other choose to rely on patrimony, insider deals, and other less efficient means of delegation to accomplish the goals of the state? The Roman Republic, and then later the Empire, rested upon a social hierarchy that operated in a patrimonial fashion. Accordingly, the political elites utilized this social network to accomplish bureaucratic goals. Individual members of the landed aristocracy were contracted to operate sections of the military, collect taxes, and perform basic state tasks. The burgeoning Chinese Empire, faced with a similar set of constraints, powerful landed aristocracy, huge areas of land to hold, mostly filled with peasantry, areas of rebellion and frequent breakdowns into disunited regional wars) chose a much different method to enact the works of government: a non-hereditary, meritocratic bureaucracy (Weber 1968). The major distinguishing feature which separated these two empires was the creation of a civil service exam for entrance into the bureaucracy. Setting historical contingency aside, many of the problems associated with maintaining control over these vast regions must have been similar. Why would a group of politicians, with the need to implement policy which allowed them to control the provinces, choose such different structural solutions in terms of bureaucratic design? Why do politicians ever choose to create a civil service?

Modern bureaucracy, as it is commonly perceived, has many elements. One feature that distinguishes a rationally oriented bureaucracy from other more patrimonial forms of providing government services is the creation of civil service examinations (Weber 1968; Ertman 1997). In a civil service exam we see the physical expression of the separation of the person from the political office of the bureaucracy. This particular feature has the quality of removing direct control of the appointment from the hands of the politician. Naturally, this does not allow

politicians to use patronage to directly reward loyal partisans. From the standpoint of a politician, the gains in efficiency may be unclear from creating a civil service. The gains from directly hiring your partisans, on the other hand, is very clear—long standing loyalty and support.

The answer, in part, depends upon a states ability to oversee the activities of the bureaucracy (Kiser and Schneider 1994). As the difficulty in overseeing the bureaucracy increases, state actors will rely more on ex-ante mechanisms to control a bureaucracy—they will delegate but with much less discretion granted to the agents. Additionally, a certain level of goods provision is required to remain control of the state (Bueno De Mesquita et. al. 2003). Some portion of the population must be paid off, to allow political elites to maintain control, even if just the military. How then are these goods to be distributed? All else constant, if a politicians attempts to implement policy, their ability to oversee the final outcome of their policy decisions determines the discretion that they will give to the agents who are responsible for implementation (Huber, Shipan 2002). The reason some states quickly move to meritocracy is because it is an ex-ante move to change the incentives of the people hired to implement political policy, and to more efficiently distribute the goods necessary to maintain control of the state. As politicians are less able to trust those that they would hire to implement policy, they create rules which keep their agents close.

Why Civil Service Exams?

A rationally designed bureaucracy is thought of as being a great public good, capable of precise and efficient implementation of political policy.

“Precision, speed, unambiguity, knowledge of the files, continuity, discretion, unity, strict subordination, reduction of friction and of

material and personal costs – these are raised to the optimum point in the strictly bureaucratic administration, and especially in its monocratic form. As compared with all collegiate, honorific, and avocational forms of administration, trained bureaucracy is superior on all these points.” –Max Weber 1968 *Economy and Society*

Weber sees a modern bureaucracy as *the* defining feature of modernity. Without it, modern society would not be as it is, since the political and economic conditions are now contingent upon the efficient provision of policy afforded by rationally organized bureaucracy.

Despite a precise discussion of the features and benefits of a well organized meritocracy, Weber was slight in his theory of bureaucratization. Gorski (2005) sums up the three hypotheses that can be derived from his sketches of bureaucracies. First, that bureaucracy is a slow development, and that it develops out of the principal-agent dynamic which is inevitable in the relationship between people hired by politicians. This line of thinking can be extended to cover the argument put forward by Dan Carpenter, who argued that a necessary condition for bureaucratic autonomy is a high degree of professionalism and political strength in the bureaucracy itself (2001). Second, bureaucracy, once adopted, has a strong spill over effect. As the efficiency of bureaucracy becomes known, it is implemented across a wide variety of political arenas, and is adopted across country lines. Third and finally, war promotes the creation of bureaucracies. As states enter into war, the inefficiencies from administration which is accomplished not through bureaucracy becomes deadly. Rulers cannot afford to squander resources handed out to their administrative staff which are then needlessly absorbed by rent seeking.

Building off of the work of scholars of nation-building (e.g. Kisner and Schneider 1994, Ertman 1997; Tilly 1990), Gorski contends that these three hypotheses are bereft of support. Bureaucracy creation, he argues was not slow, but a sudden process, typically driven from the top down. Further, that after the initial onset of a bureaucracy in a region, that the development of further bureaucracies was not even across the area, and states were frequently slow in their adoption. Finally, he argues that war was not a sufficient cause, nor even that the creation of bureaucracies is correlated with war-making.

Theory

Internal and external political competition, I argue, can be seen as being in conflict with each other. Most models of state building assume that competition, either internal, external, or both, provides much of the driving force for the development of the state. In this developmental process, rulers compete for control of the state, and through revenue gained by control, fend off the competition. With internal competition, a politician is rewarded for providing what may be thought of as inefficient policy. Politicians use their position to distribute resources to their supporters, in order to hold power (BDM²S² 2003). Politicians are not necessarily rewarded for providing cost effective policy, they are only rewarded for policy (i.e. payoffs to their supporters) which guarantees their continued support. Cost effective, in this sense, implies a trade-off between buying support, and the actual money spent on getting that support. Activities which may be less efficient, in terms of dollars, are incredibly effective means of political support; namely, patronage supplies an effective tool for garnering political support. Internal competition then, can be seen as being in conflict with external competition. If another state, in pure terms of dollars and sense is more effective at war making, this also could cause a politician

to lose control of the state. However, a loss is a loss, from the perspective of a politician. Both internal and external rivals can remove a politician from power.

The necessary tradeoff between countering war and or internal competition implies neither are necessary or sufficient for bureaucratization. Why would politicians undergo the costs of creating merit based bureaucracies, if this could cause their loss to internal rivals? In the end, it must appear to politicians that creating a civil service program is better than simply hiring someone, which is their basic alternative. Furthermore, politicians must think that this is likely to an effective choice. For as long as the politician is concerned with the policy, it will be implemented as they see fit. A number of assumptions underlie this theory.

Assumptions:

1. Politicians and agents are policy oriented (i.e. both actors have single peaked preferences along a single dimension).
2. Politicians preferences are endogenous in regards to maintaining power, they prefer to remain in office, for the duration of their time horizon.
3. Agents preferences are a function of their type (which is either a high type, or a low type). High types prefer policy which is similar to the politician, low types prefer to shirk in some manner.
4. The public demands goods in exchange for their support of a politician—these goods may be private and excludable or not (i.e. particularistic benefits and/or general policy such as prohibition on abortion, or the provision of property rights).
5. Further, the citizens of a state are divided into three classes of individuals—those whom do not have a say in who controls the state and those who do (the selectorate), and the members necessary for holding control of the state apparatus (the winning coalition)

Politicians can discriminate in terms of goods provision to these groups (BDM et. al. 2003).

Delegation

The basic model entails politicians who desire to implement policy hiring others to implement that policy for them. They have two choices, they can offer contracts to specific individuals or allow an open bidding. Their initial choice limits their later choices—if they choose to offer a contract to an individual, it becomes costly to reform to a system of open bidding, and vice versa. Depending upon which system politicians choose, this effects the costs associated with monitoring the activities of the agent. Politicians have an interest in monitoring the activities of their agents over time. The choice of ex-ante creating rules concerning monitoring can lower that cost or, at a minimum, serve as a substitute for actively monitoring (Bawn 2001). Politicians will choose a system of open bidding when the costs associated with monitoring agents are high in order to reduce the moral hazard, since the agents have to pay a higher costs in order to win the contract. The “winners” in a system of open bidding will bid only as much as the excess that they could gain from shirking. We can think of a civil service exam as a competitive bidding process. Applicants choose to pay particular costs (training, experience, studying for civil service exams) and they make a bid at the point in time where they actually take the exam.

If the cost of monitoring the agents is the same, politicians will prefer contracting to open bidding (it is costly to create the apparatus to have the exam). When the cost of monitoring agents becomes higher than the cost of creating a bureaucracy run by merit, then politicians will choose. The central mechanism in this research is the ability of the central political authority to oversee the activities of agents hired to implement political policy. In as many words, how

closely can those who hold political power keep track of the activities of those that do their political bidding? Tied up in this concept is the cost of gathering information—how difficult is it for a political elite to watch his or her fellows? Assuming that policy implementation is primarily accomplished by the broad social network of political and economic elites in a state, we can think of how this network is structured and the effects of that structure. While strong ties between actors in a social network reinforce behavior, single actors tend to have relatively few strong ties and then tend to be clustered; increasing the number of weak connections between clusters of actors with strong ties reduces the cost of information gathering in a social network (Granovetter 1973). As the number of weak ties between clusters of political elites is reduced, the central political authority is more likely to implement ex-ante bureaucratic decisions, since they are less able to see the effect of their political decisions. Politicians may be removed from power, or become isolated from those that they delegated to initially (Geddes 1993).

Patronage

To speak of creating government jobs is to talk of patronage in the same breath. Few other facets of government provide politicians as efficient an avenue to directly transfer goods to supporters. A certain level of goods provision is required to remain control of the state. Direct patronage allows politicians to pay off supporters. As the electorate expands, politicians gain economies of scale from offering different kinds of public goods.

Data

The theory, as it stands, is really two theories. One of when politicians would need to have an efficient distribution which would be facilitated by a strong bureaucracy, and another of maintenance. Why do politicians not ever turn back on the initial reform and reinstitute patronage? As per the first theory, this paper is much less developed, though the manner in

which the implications from this theory would be tested can be quickly expressed. An implication of this theory is that as enfranchisement happens, bureaucracies are more likely to be reformed (or created) to incorporate civil service exams. Testing this would involve creating a data set which has the date of enfranchisement of the population for a number of countries, and the first official creation of civil service exams.

The following discussions are centered around testing the first model that is presented, the delegation model. The major implication of this model is that as the costs of monitoring agents increases, politicians will rely more on ex-ante methods, including creating a civil service program. However, *ceteris paribus*, politicians prefer to directly hire individuals since it guarantees patronage and the politician can avoid the costs of agency creation. Agency monitoring costs are a function of the design of the agency, the ability of politicians to gather information through their social network, and the beliefs the politician has about the agents type. The latter two, the type and the network, are a joint function of political preferences and coalitions.

Dependent Variable

While this question is rooted in one particular historic example, we can extend this to a quite common question of contemporary state building—when will a state choose plutarchy over a bureaucracy organized upon a meritocracy which excludes patronage? With this conceptualization in mind, we can extend this to include any states which may be actively choosing and building different types of bureaucratic implementations. While it could be easy to argue that this process never really stops any state, the set of states where these questions may be the most relevant—developing states. The dependent variable in this case (the direct contracting of government business between the wealthy in a state) is somewhat difficult to measure directly.

A common way to view this is to perhaps use a measure of corruption, since it is assumed that plutarchy generally breeds corrupt business practices. Alternately, we could attempt to gather data on private government contracts with business as a percent of GDP. the size of the civil service versus private contracting

Independent Variable

For the independent variable we would want to look at the ability of political elites have to control other political and economic elites, to guarantee that the delegated authority is used such that the principals have sufficient guarantees of correct implementation of policy. In a world of costless information gathering, we would simply need to chart the social networks of political elites during early Imperial China and the Roman Empire to answer the initial puzzle; however, such data would be quite costly to gather, and other proxies could perhaps capture some of the same information. One such solution could be to look domestic features of countries that effect the training of future politicians—something such as the number of Universities that a state has chartered could serve as a proxy for this. To evaluate this measure one could do a straight forward hypothesis test do determine whether there is a relationship between an increase in the number of weak ties in a social network of political elites and the amount of discretion granted to the bureaucracy (or, more basically, whether it is even simply meritocratic). Assuming we have quality measures, this can be tested in a linear model, with the particular distribution depending somewhat on the way in which we measure the dependent variable.

Expectations

1. *ceteris paribus*, politicians will prefer to directly contract with agents, in order to more directly distribute pork, and to avoid the costs of agency creation.

2. As the costs of monitoring increase, because the agents are socially isolated from the principals, politicians will prefer to create civil service programs.
3. As the absolute number of people to whom goods need to be distributed increases, politicians are more likely to undertake agency reform.

Conclusions

The work proposed here seeks to explain the creation of something that is considered central to the modern state—a bureaucracy where hiring is done through civil service examinations. The answer that this work proposes is fairly simply on the first cut. Politicians hire who they think can do they work that they would like them to do, considering their own limitations of information, and their interests in staying in power. The theory presupposes a formal logic which needs to be outlined, and was not done here. The model is a combination of principal-agent logic, the formal models of state building, and the logic of bidding wars and/or models of hiring agents. One of the next steps will be to formalize this argument, to clarify the theoretic expectations. Making clearer the theoretic expectations will greatly aid in what will be a time consuming task, finding the appropriate data to test these ideas. As it stands in this paper, that section is quite confused. In the last few weeks I have gotten a number of great comments that I have not had time to include in this paper, some of which have a profound effect on how that work is likely to be carried out

Questions:

1. At the end of the day, I'd like to make some meaningful discussion on the type of governmental, and specifically, bureaucratic structural changes that can be implemented that help produce growth, and how we can make those changes stick.
2. How can I more effectively think about the risk of losing power over time, versus the moral hazard associated with hiring someone to do something for you? Are the two the same?
3. Data feels like a big issue here. Novel ways of looking at this would be appreciated.
4. The China discussion resonates with some people, and falls flat with others? Interesting pursuit as a part of a larger project, or a waste of time?

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