Does Pendleton’s premise hold in new and old democracies alike? Politicization and performance in the U.S. and Central and Eastern Europe

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Abstract
Merit-based career civil services are grounded in the idea that government will serve citizens best if its officials are hired based on their human capital and promoted based on their competence, instead of their ties to elected officials. Political appointees, on the other hand are appointed for many reasons other than managerial competence. Agency executives appointed from within a merit system are expected to outperform short-term political appointees, who lack their expertise, experience, and public management skills. Lewis (2007) provides evidence to support this idea for U.S. federal programs. Our ex ante theoretical expectation is that politicization is also negatively related to agency performance in other political systems. Yet there is no systematic empirical evidence whether this is holds for young democracies, where executive experience might mean experience in the ways of the old authoritarian regime. We therefore conduct the first comparative study of this topic, looking both at the U.S. and Romania, Poland, and Hungary.

At this point, our research design consists of basic quantitative analysis for the U.S. (transition matrices and simple linear regressions) and a qualitative comparison between the patterns of politicization of the senior civil service and success in using European Union transfers for each of the three Central and Eastern European
countries. In the U.S., we follow Lewis and operationalize performance as Program Assessment Rating Tool (PART) ratings, and politicization by a dummy variable indicating whether the relevant agency executive is a political appointee or a career civil servant. We add an innovation, though, by focusing exclusively on 96 programs that were assessed twice over the lifetime of PART: for the first time in 2002, 2003, or 2004, and then again in 2007 or 2008. We examine which of these also experienced a change from career civil servant to political appointee leadership or vice versa. This approach allows us to isolate the theoretically interesting variation over time.

In the Central and Eastern European countries, there are no comparable performance data. Nevertheless, a relevant indicator of capacity is available: the percentage of European Union funds these countries are eligible for that they actually spend (a similar approach as in Putnam’s ‘Making Democracy Work’). The higher this percentage is, the greater is the relevant central government’s performance in making use of environmental munificence. The politicization data stem from a survey conducted by the European Union’s Sigma program. We find no relationship between the presence of or change to a political appointee and PART ratings, though our limited sample and lack of the battery of control variables that Lewis (2007) had in his cross-sectional study bar us from making further conclusions based on this null finding. The pattern found in the three Central and Eastern European countries is partially consistent with a negative relationship between the extent of civil service politicization and success in using European Union transfers, though we cannot exclude the plausible alternative explanation that this finding is driven by the efficiency of the legal system.
Does Pendleton’s premise hold in new and old democracies alike? Politicization and performance in the U.S. and Central and Eastern Europe

Concerns over the politicization of the American federal bureaucracy reached a high point during the George W. Bush administration (Moynihan and Roberts 2010), and Lewis (2007) showed that the programs administered by agencies headed by career servants tended to outperform programs administered by agencies headed by short-term political appointees, using the Bush administration’s own metric of performance: the Program Assessment Rating Tool (PART). Does this finding hold up over time? More importantly, does a similar pattern exist in new democracies where there may be competent long-serving but anti-democratic civil servants? We begin to address these questions by offering a new test of the politicization-performance question for US agencies and a test against data on Romania, Poland, and Hungary.

Theoretical framework

The decision over whether to have a merit civil servant or a political appointee oversee an agency is always a political one. Indeed, the very idea of merit civil services in Western democracies is the outgrowth of a political process, which is not often acknowledged. In a deep comparative historical analysis, Silberman (1993) argues that the introduction of merit civil services in France, Japan, Great Britain, and the US was an attempt by the rulers or elected politicians to reduce uncertainty about what would happen to them in the future, with the threats of revolution or at least widespread popular discontent on their minds. Silberman (1993) argues that France and Japan, where rulers faced very high uncertainty about their future, developed particularly rigid systems that required individuals to commit early on to an administrative career. This focus on the civil service as an organization required little reliance on factors outside of the civil service.

The United States and Great Britain, on the other hand, already had relatively stable societies and the threat of violent revolution was much more remote. Also, politicians faced a large number of private organizations that could provide checks on the bureaucracy. The civil services that developed in both countries consequently do not require individuals to commit early on to an administrative career. In Great Britain the civil service was set up to seek generalists, thus limiting access to the well-off who could engage in the character-building exercise of a liberal education at one of the two proper English universities, while in the United States the civil service was made very accessible at different levels. The crucial characteristic that differentiates both of these systems from the French or Japanese (or Prussian) model is that the former do not require individuals to commit their lives to an administrative career.
Silberman (1993) stresses that in none of these cases had rulers and politicians access to well-developed, theory-based recommendations of what a civil service should look like and what its effects would be. For example, in Britain the civil service was not recognizable as such until the late nineteenth century. While the Northcote-Trevelyan report of 1854 is often credited with introducing the system (for instance, see Horn 1995), in reality rather little happened for almost two decades after the report other than the creation of a certifying agency that mostly rubber-stamped patronage appointments (Silberman 1993, 350-62, 365). Only with the Reform Act of 1867 that doubled the electorate did continued satisfactory use of the patronage become increasingly infeasible because government employment could not grow at this rate. At that point, party leaders pushed for serious administrative reform (Silberman 1993, 391). With the Orders in Council of June 4, 1870 and August 19, 1871, the merit civil service took shape. All but the lowest administrative posts now required examinations and the parties had increased their credibility in front of the enlarged electorate that could no longer accuse them of favoring the aristocracy or other friends and supporters because now recruitment was based on merit---which in practice meant having obtained a degree in classics from Oxford or Cambridge. A side effect of the end to patronage (the remaining low-level posts were removed from patronage at the end of the nineteenth century) was that party leaders now had removed a crucial means by which backbenchers retained their independence. The “efficient secret”—the domination of Parliament by the Cabinet (Bagehot 1963)—had largely come into being, though not through long-range strategic decision-making by politicians but instead as the result of other decisions they had made or had been forced to make by popular demands.

Similarly, it has been argued that the United States civil service that grew out of the Pendleton Act of early 1883 was largely an accident of history, as the Republicans tried to lock in some of their supporters in government jobs after they had lost their majority in Congress in the 1882 mid-term elections and expected that the next president would be a Democrat (Van Riper 1958, 94). Indeed, it also took several decades after the passage of the Pendleton Act for the U.S. civil service to fully take a shape that we would recognize today. It would be overly ambitious to expect Central and Eastern European Union transition countries to progress much faster towards full-fledged and institutionalized merit systems, even though the European Union and international organizations such as the Organisation for Economic Co-operation and Development (OECD) are trying to speed up this process through special programs for the governments of the transition countries.
Testing Pendleton’s premise in the U.S., again

The George W. Bush administration set out on an ambitious project to enhance the performance reporting for federal programs. This project was known as the Program Assessment Rating Tool (PART), and it was directed by the Office of Management and Budget. Beginning in 2002, scores of federal programs were reviewed every year, up to and including 2008. The PART was a questionnaire with various items on each of four dimensions: (i) program purpose and design, (ii) planning, (iii) management, and (iv) results. Specially trained Office of Management and Budget grading staff filled in answers to these questions in accordance with responses and evidence provided by program officials. The answers to the questions on each of the four dimensions were aggregated into numerical scores as well as an overall program rating, which was either an overall program performance evaluation (“effective,” “moderately effective,” “adequate,” “ineffective”) or an indication that the program did not provide the Office of Management and Budget with enough evidence for it to make a well-substantiated evaluation of the results of the program (“results not demonstrated”). The Office of Management and Budget published the aggregated PART scores for each of the four dimensions and the overall PART program rating with the presidential budget request. The overall ratings were also disseminated to the public through the website www.expectmore.gov. The Obama administration terminated PART in 2010.

To build on Lewis's (2007) analysis and examine information on the relationship between appointee type and PART rating in a new light, we augmented his data on PART assessment conducted in 2002, 2003, and 2004 by data on a second wave of PART assessments, which were conducted on some of the programs in Lewis's data set in 2007 or 2008.¹ We collected information on the reassessments of these programs from the archived ExpectMore.gov website (it is now available at http:/www.whitehouse.gov/omb/expectmore/). In particular, we coded whether these programs were re-assessed in 2007 or 2008, and the amount of funding requested by the administration. We then obtained information on the program director in place in the spring of the year of re-assessment from the Federal Yellow Books, Spring 2007 and Spring 2008 editions. We used the same program director positions that Lewis used. Of the 96 programs that we examine in this way, 79 had a different director at the time of re-assessment than at the time of initial assessment---underlining the high degree of turnover among federal executives (also see Aberbach and Rockman 2000; Joyce 1990; Wilson 1989)---and 69 saw a change in their PART rating. A small subset of programs saw a change of appointee type (from career to political or vice versa).

¹We sincerely thank Dave Lewis for providing his data and codebook on his professional homepage, no questions asked.
Three programs went from being directed by a career civil servant to a political appointee: the Environmental Quality Incentives Program in the Department of Agriculture’s Natural Resources Conservation Service; the Integrated Violence Reduction Strategy in the Department of Justice’s Bureau of Alcohol, Tobacco, Firearms and Explosives; and the Migratory Bird Program in the Department of the Interior’s Fish and Wildlife Service.

Five programs went from political appointee to career civil servant leadership: the Direct Crop Payments program in the Department of Agriculture’s Foreign Agricultural Service; the Health Centers, Maternal and Child Health Block Grant, and Ryan White programs in the Department of Health and Human Services’s Health Resources and Services Administration; and the Arson & Explosives Program in the Department of Justice’s Bureau of Alcohol, Tobacco, Firearms and Explosives.

While eight programs thus changed appointee type, in fact only three managerial posts changed status in each direction, since the three programs in the Department of Health and Human Services’s Health Resources and Services Administration that went from political appointee to career servant leadership fall under the same manager.

We now re-examine Pendleton’s premise using a series of transition matrices. We start by comparing the changes in PART ratings for programs led by career officials at both points in time to those for programs led by political appointees at both points in time. In each transition matrix, the rows indicate the program status at the time of the initial assessment (2002, 2003, or 2004), while the columns indicate the status at the time of the re-assessment (2007 or 2008). The counts appearing in the cells off the main diagonal are the numbers of programs that experienced the respective changes in their status. All counts in the lower triangle indicate an improved PART rating (highlighted in green) and all counts in the upper triangle indicate a worsened PART rating (highlighted in red).
Of the eleven programs led by career official at both assessments (Table 1), eight received a lower PART rating in the second assessment and only one received a higher one. Of the 77 programs led by political appointees at both assessments (Table 2), 50 received a lower PART rating in the same assessment and only four received a higher one. Thus in either case, deteriorations in PART ratings predominate, and the percentage of changes on the downside (73% of programs led by career officials at both assessments and 65% of programs led by political appointees at both assessments) are comparable. This comparison between the two transition matrices is the most direct extension of Lewis’s (2007) much more detailed multivariate analysis because the comparison is between sets of programs, some of which have the characteristic of being led by career officials and the rest of the programs have the characteristic of being led by political appointees, but it is not the only comparison that can be done with our data.
For inferential purposes it is preferable, in principle, to focus on variation within programs, as many other differences between programs are held constant this way and it is less difficult to attribute any differences in PART ratings to the difference in managerial appointment type than to it is to draw the same conclusion based on a comparison between some programs that are headed by political appointees for the whole time period and others that are headed by career officials for the whole time period. Nevertheless, since we have only eight over-time changes in appointment type in our data set, we pool both types of variation and use it to compute three simple linear regressions that compare between the four possible types of program leadership over time (always political appointee, always career official, and change in appointment status either way). We include dummy variables for programs led by a political appointee at both assessments, programs that were led by a career official at the first assessment and a political appointee at the second, and programs that were led by a political appointee at the first assessment and a career official at the second. Consequently, programs that were led by career officials at both points in time form the base group.

Based on the politicization literature discussed above, when predicting the PART rating in the second assessment, we would expect political appointee at both assessments and change from career official to political appointee to carry a negative sign; whereas change from political appointee to career official should carry a positive sign. We also include the budget change in current $ billions from the first to the second PART assessment as a control variable. We would expect a budget reduction to predict a lower PART rating. Our dependent variables are (i) the overall PART rating of a program in the second assessment, using Lewis’s (2007) coding: ineffective (0), results not demonstrated (1), adequate (2), moderately effective (3), effective (4); (ii) a dummy for an increase in the PART rating; and (iii) a dummy for a decrease in the PART rating. All three dependent variables are limited (categorical for the first specification and binary for the second and the third), yet we use ordinary least squares (OLS) for its simplicity. The findings are provided in Table 3.

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2The results are substantively unchanged if an ordered logit estimator is used for the first specification and binary logit for the second and the third, but using OLS avoids the requirement to compute marginal effects. Also, whether we use Huber-White standard errors (with or without adjusting for clustering on the bureau that houses a program) or regular OLS standard errors makes no substantive difference.
Table 3: Predicting PART ratings and changes in PART ratings

<table>
<thead>
<tr>
<th>Dependent variable:</th>
<th>PART rating at the second assessment</th>
<th>PART rating increase</th>
<th>PART rating decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>PART rating at the first assessment</td>
<td>0.33 (2.56)</td>
<td>-0.32 (-8.38)</td>
<td>0.10 (1.85)</td>
</tr>
<tr>
<td>Political appointee at both assessments</td>
<td>0.02 (0.07)</td>
<td>-0.08 (-0.55)</td>
<td>-0.00 (-0.02)</td>
</tr>
<tr>
<td>Career official --&gt; political appointee</td>
<td>-0.16 (-0.28)</td>
<td>-0.20 (-1.16)</td>
<td>0.22 (0.67)</td>
</tr>
<tr>
<td>Political appointee --&gt; career official</td>
<td>0.28 (0.51)</td>
<td>0.18 (1.14)</td>
<td>0.06 (0.26)</td>
</tr>
<tr>
<td>Budget change (in $ billions)</td>
<td>-0.00 (-0.56)</td>
<td>-0.01 (-2.55)</td>
<td>-0.00 (-0.05)</td>
</tr>
<tr>
<td>Constant</td>
<td>2.07 (5.88)</td>
<td>1.30 (7.66)</td>
<td>-0.11 (-0.93)</td>
</tr>
<tr>
<td>Number of programs</td>
<td>78</td>
<td>78</td>
<td>78</td>
</tr>
<tr>
<td>R squared</td>
<td>16%</td>
<td>45%</td>
<td>18%</td>
</tr>
</tbody>
</table>

Huber-White z-statistics (adjusted for clustering on bureau) are provided in parentheses.

Table 3 is marked by an absence of findings, and therefore we do not add additional evidence to support Pendleton's premise. In addition to our incomplete specifications, another reason for the lack of findings is likely to be the low number of programs overall, and the predominance of programs managed by political appointees. We recognize that the majority of program managers in the federal government are political appointees, and the majority of posts that are filled by career officials are being staffed in this way out of tradition (Wilson 1989, 198).

We would like to stress that an absence of evidence for a detrimental effect of politicization does not constitute evidence that there is no detrimental effect of politicization on program performance. Indeed, there is another consideration to keep in mind. Some commentators have suggested that the PART scores were politically
biased. Thomas (2011) offers some evidence to support this claim in his analysis of the PART scores. Political bias in scoring would affect the relationship between PART scores and political appointment if that bias was correlated with appointment. It could, for example, reduce or eliminate a negative correlation between political appointment and performance by enhancing the scores of some agencies headed by political appointees.

**Testing Pendleton’s premise in Central and Eastern Europe**

In countries that only recently transitioned to the rule of law and democracy, both the pitfalls and potential promises of a politicized bureaucracy stand out (even) sharper than in the U.S. On the one hand, the performance shortcomings of a politicized bureaucracy may be sufficiently great as to undermine popular support for the young democracy. On the other hand, the majority of the permanent civil servants may still stem from the old dictatorship, when the supremacy of the ruling party’s leadership was the foremost principle, and their loyalty to the new constitution and responsiveness to current elected official may be in doubt. Which of these concerns is relatively more important? For the case of Central and Eastern Europe, the current evidence is insufficient to answer this question. European Union officials clearly emphasized the former concern, making civil service professionalization a prerequisite for the ten Central and Eastern European countries joining the Union in 2004 (Meyer-Sahling 2009). Why would elected officials in the parliamentary systems of Central and Eastern Europe politicize the bureaucracy? In theory, bureaucracies are more easily controlled in parliamentary systems (Huber and Shidan 2002; Moe and Caldwell 1994). Yet, in practice, the control over the bureaucracy is less certain than in the theory or the Western European examples more commonly studied. It is not just presidents in separation-of-powers systems who seek to politicize the bureaucracy in order to impose their preferences on career civil servants committed to agency mission and goals not shared by the president. Prime ministers in parliamentary systems may face a similar problem.

As Richard Nathan (1976) put it, President Nixon took on a problem that had bedeviled many presidents, how to get the bureaucracy to implement the policy preferences of the president. In an article in *The Public Interest*, Nathan put it this way:

Toward the close of his first term, Nixon increasingly came to believe that the President should manage, that as the chief elected official of the nation, he had every right—indeed, had a responsibility—to adopt measures that would have the federal bureaucracy carry out his policy preferences. To do so, there were essentially two courses of action available to the President: relying upon strong, Presidential appointees...
executive agencies, or working through the White House and Executive Office
staffs to see to it that the President's policy preferences were put into effect.
According to Nathan, Nixon's decision to pursue this strategy was driven by two
considerations: a realization that the operations of administrative agencies constitute
policy and the frustrating lack of success Nixon experienced in dealing with Congress
during his first term. While the latter concern does not apply in parliamentary systems
(except in the case of a minority government), the former concern may apply with full
force.

We look at three of the countries that joined the European Union in the past decade:
Romania, which became a European Union member on January 1, 2007; and Poland
and Hungary, which became European Union members on May 1, 2004. These
three countries all underwent dramatic transitions to the rule of law and democracy in
the late 1980s. All three are also notable for having recently added top layers to the
bureaucracy that do not fall under civil service rules (Andrei et al. 2011, 9).

Romania has a population of about 22 million. While its economy has changed and
grown much since the end of the Ceaucescu dictatorship in 1989, it remains one
of the poorest among the Central and Eastern European accession countries. The
overall size of its economy is $158 bn. at market exchange rates. Poland has the
largest population (more than 38 million) and the largest economy ($470 bn. at market
exchange rates) of all Central and Eastern European accession countries. It was the
only member of the European Union not to experience a recession in the aftermath of
the global financial crisis of 2008. Hungary has a population of just below 10 million.
Prior to the end of the Cold War, Hungary had the least restrictive regime of all Central
and Eastern European accession countries, and thus it began its economic transition
with a headstart. Its economy, in spite of the country’s much smaller population, is
greater than that of Romania, with a gross domestic product of $190 bn. at market
exchange rates (all population and economic data from CIA 2011).

Romania’s Law 188/1999 sets clear limits on the political activity of civil servants
(Andrei et al. 2011, 7). Nevertheless, elected officials concerned about responsiveness
will find ways around such statutory limitations. Indeed, Andrei et al. (2011) show that
Romania’s central administration is characterized by two countervailing trends. On the
one hand, senior civil service posts have become better protected against dismissal
over the first decade of the 21st century. On the other hand, an increasing number of
senior posts fall outside the civil service, are filled through open competitions and have
fixed-term contracts, which coincide with election cycles (5).

In late 2005, the minority government of the Law and Justice party of Prime Minister
Kazimierz Marcinkiewicz in Poland introduced a major push towards politicization of the senior levels of the country’s civil service. As part of anti-corruption legislation, it abolished the Civil Service Office and transformed top-level posts into political appointments. With the change in government in 2007 to a coalition led by the Civic Platform party under Donald Tusk there has not yet been a return to a strengthened civil service (Meyer-Sahling 2009, 16).

In Hungary, new civil service legislation was passed in 2007 that introduced private sector-like pay structures and new recruitment structures. These changes are inspired by New Public Management ideas (Hood 1991). While the legislation is ambitious, its implementation thus far has been limited (Meyer-Sahling 2009, 16). Consequently Hungary’s civil service is less politicized than those of Romania and Poland.

Our dependent variable is the absorption rate of European Union transfers. The new Central and Eastern European member states have access to funds from a number of European Union programs from its 2007-2013 budget, in particular the Operational Program for the Environment and the Operational Program for Competitiveness and Economic Growth. To obtain these funds, the relevant government departments and agencies have to apply for specific projects to be carried out using the funds. The applications have to be approved and the work completed by 2013. And here lies the problem for these countries: Even many projects that are approved tend not get carried out because the bureaucracy fails at properly carrying through the process. Nevertheless, if the potential is to exist for citizens to benefit from these projects (who in fact benefits from the projects is not the topic of our paper), the projects have to be completed. Consequently, the indicator of performance of the bureaucracy in these countries is not whether they obtain approvals from the European Union for project proposals, but whether the projects are in fact implemented. The latter is reflected in the absorption rate of European Union transfers. It is defined as the percentage of the funds available in transfers to a country that the country actually receives. The major reason for a lack of usage of these funds is that contracts for work to be done have to be tendered through competitions but firms not winning these competitions tend to sue, placing the whole project on hold. A more competent bureaucracy should be able to conduct the competitions in such a way as to withstand the inevitable legal scrutiny and thus have a chance to complete the projects before the funds are withdrawn in 2013.

The absorption rates (payment ratios) in 2010 for the three countries only partially reflect the relative levels of politicization: 7 percent in Romania, 16 percent in Poland and Hungary in 2010 (KPMG 2011). More heavily politicized Romania has absorbed the least, while both the least heavily politicized among our Central and Eastern European countries—Hungary—and the very politicized Poland have absorbed the
most. None of the three countries stands out as making outstanding progress spending the European Union funds. The most important alternative explanation for the low performance of these countries in using European Union funds is the inefficiency of their legal systems, which leads to a backlog of contested competition cases. It should be noted that legal system efficiency and economic development tend to be positively correlated (Mauro 1995).

Conclusions

Our findings are generally quite weak with respect to the effect of politicization on governmental performance. In the U.S. case, we find no evidence that politicization compromises performance. In the Eastern European case we find a modest indication that politicization may reduce performance, but the data are limited and there are untested competing explanations. All evidence presented here is tentative and limited. We can, however, say that in no case does politicization correlate positively with performance on the dimensions we study.

Further testing of the politicization thesis will require more extensive data. The test of the hypothesis should be grounded in a larger theory of performance and the acquisition of data for other factors that presumably affect performance. In the U.S., this would mean the kinds of data Lewis took into account in his analysis. Similarly relevant data are required for Central and Eastern Europe. It may also be possible to incorporate additional European Union accession countries into our analysis.
References


