# Merit Recruitment in 19th and Early 20th Century European Bureaucracies

James R. Hollyer

Yale University/University of Minnesota

June 12, 2012

#### Question

When and why will governments choose to appoint bureaucratic officials based on merit rather than patronage?

#### Question

When and why will governments choose to appoint bureaucratic officials based on merit rather than patronage?

Merit: appointing officials based conditional on examination system, educational requirements, or open competition for posts.

### Question

When and why will governments choose to appoint bureaucratic officials based on merit rather than patronage?

Merit: appointing officials based conditional on examination system, educational requirements, or open competition for posts.

Patronage: appointing officials based on the prior provision of some costly service or payment to the government.

Costs to patronage systematically vary

#### Costs to patronage systematically vary

• Patronage as system where would-be bureaucrats purchase office through payments (either monetary or in-kind) to government

#### Costs to patronage systematically vary

- Patronage as system where would-be bureaucrats purchase office through payments (either monetary or in-kind) to government
- Would-be bureaucrats may be excluded from patronage mechanism due to lack of political connections or financial means

#### Costs to patronage systematically vary

- Patronage as system where would-be bureaucrats purchase office through payments (either monetary or in-kind) to government
- Would-be bureaucrats may be excluded from patronage mechanism due to lack of political connections or financial means
- Higher levels of skill amongst excluded raises opportunity costs to patronage

### My Findings:

In a panel of Western European countries running from roughly 1840-1944:

### My Findings:

In a panel of Western European countries running from roughly 1840-1944:

 Merit system is more likely to be adopted as levels of education rise in the lower and middle classes

## My Findings:

In a panel of Western European countries running from roughly 1840-1944:

- Merit system is more likely to be adopted as levels of education rise in the lower and middle classes
- Effect is particularly pronounced in less democratic polities

Bur. recruitment has implications for state capacity

Selection Mechanism

Bur. recruitment has implications for state capacity

Selection Mechanism

Incentive Mechanism

Bur. recruitment has implications for state capacity

Selection Mechanism

Incentive Mechanism

'Sociological' Mechanism

Bur. recruitment has implications for state capacity

- Selection Mechanism
  - merit process implies conditioning selection on some indicator for skill
- Incentive Mechanism

'Sociological' Mechanism

Bur. recruitment has implications for state capacity

- Selection Mechanism
  - merit process implies conditioning selection on some indicator for skill
  - may also affect 'types' of agents selected
- Incentive Mechanism

'Sociological' Mechanism

- Selection Mechanism
  - merit process implies conditioning selection on some indicator for skill
  - may also affect 'types' of agents selected
- Incentive Mechanism
  - investments in connections versus skills
- 'Sociological' Mechanism

- Selection Mechanism
  - merit process implies conditioning selection on some indicator for skill
  - may also affect 'types' of agents selected
- Incentive Mechanism
  - investments in connections versus skills
  - regularized career paths time horizons
- 'Sociological' Mechanism

- Selection Mechanism
  - merit process implies conditioning selection on some indicator for skill
  - may also affect 'types' of agents selected
- Incentive Mechanism
  - investments in connections versus skills
  - regularized career paths time horizons
- 'Sociological' Mechanism
  - social status as affecting esprit de corps

Bur. recruitment has implications for state capacity

- Selection Mechanism
  - merit process implies conditioning selection on some indicator for skill
  - may also affect 'types' of agents selected
- Incentive Mechanism
  - investments in connections versus skills
  - regularized career paths time horizons
- 'Sociological' Mechanism
  - social status as affecting esprit de corps

Findings linking recruitment to bur. performance dating to Weber

Bulk of lit. focuses on US federal gov't and Pendleton Acto (e.g., Jonhson & Liebcap, 1994; Skowronek, 1982).

Bulk of lit. focuses on US federal gov't and Pendleton Acto (e.g., Jonhson & Liebcap, 1994; Skowronek, 1982).

• 'spoils system' of 19th Cent. US not common to other settings

Bulk of lit. focuses on US federal gov't and Pendleton Acto (e.g., Jonhson & Liebcap, 1994; Skowronek, 1982).

- 'spoils system' of 19th Cent. US not common to other settings
- two-party system and separation of powers also not common

Bulk of lit. focuses on US federal gov't and Pendleton Acto (e.g., Jonhson & Liebcap, 1994; Skowronek, 1982).

- 'spoils system' of 19th Cent. US not common to other settings
- two-party system and separation of powers also not common

Existing comparative lit. reaches wildly divergent conclusions

Bulk of lit. focuses on US federal gov't and Pendleton Acto (e.g., Jonhson & Liebcap, 1994; Skowronek, 1982).

- 'spoils system' of 19th Cent. US not common to other settings
- two-party system and separation of powers also not common

Existing comparative lit. reaches wildly divergent conclusions

 democracy/pol. competition → merit (Egorov & Sonin, 2004; Mueller, 2009)

Bulk of lit. focuses on US federal gov't and Pendleton Acto (e.g., Jonhson & Liebcap, 1994; Skowronek, 1982).

- 'spoils system' of 19th Cent. US not common to other settings
- two-party system and separation of powers also not common

Existing comparative lit. reaches wildly divergent conclusions

- democracy/pol. competition  $\rightarrow$  merit (Egorov & Sonin, 2004; Mueller, 2009)
- 'insulation'  $\rightarrow$  merit (Evans, 1995; Haggard, 1990; Lapuente & Nistoskaya, 2009)

Bulk of lit. focuses on US federal gov't and Pendleton Acto (e.g., Jonhson & Liebcap, 1994; Skowronek, 1982).

- 'spoils system' of 19th Cent. US not common to other settings
- two-party system and separation of powers also not common

Existing comparative lit. reaches wildly divergent conclusions

- democracy/pol. competition  $\rightarrow$  merit (Egorov & Sonin, 2004; Mueller, 2009)
- 'insulation'  $\rightarrow$  merit (Evans, 1995; Haggard, 1990; Lapuente & Nistoskaya, 2009)

Little by way of quantitative empirics, particularly across countries.

Patronage: an transactional exchange in which office-seekers offer *ex ante* monetary or in-kind payments to gov't for posts

Patronage: an transactional exchange in which office-seekers offer *ex ante* monetary or in-kind payments to gov't for posts

Posts awarded to highest bidder

Patronage: an transactional exchange in which office-seekers offer *ex ante* monetary or in-kind payments to gov't for posts

- Posts awarded to highest bidder
- May or may not be detrimental to skill

Patronage: an transactional exchange in which office-seekers offer *ex ante* monetary or in-kind payments to gov't for posts

- Posts awarded to highest bidder
- May or may not be detrimental to skill
  - if positive returns to skill in office, capable seekers may bid more

# Mechanics of Patronage

Patronage: an transactional exchange in which office-seekers offer *ex ante* monetary or in-kind payments to gov't for posts

- Posts awarded to highest bidder
- May or may not be detrimental to skill
  - if positive returns to skill in office, capable seekers may bid more
- some portion of the population 'credit constrained'

# Mechanics of Patronage

Patronage: an transactional exchange in which office-seekers offer *ex ante* monetary or in-kind payments to gov't for posts

- Posts awarded to highest bidder
- May or may not be detrimental to skill
  - ▶ if positive returns to skill in office, capable seekers may bid more
- some portion of the population 'credit constrained'
  - Lack requisite pol. connections, high opportunity costs to pol. services, etc.

# Mechanics of Patronage

Patronage: an transactional exchange in which office-seekers offer *ex ante* monetary or in-kind payments to gov't for posts

- Posts awarded to highest bidder
- May or may not be detrimental to skill
  - if positive returns to skill in office, capable seekers may bid more
- some portion of the population 'credit constrained'
  - Lack requisite pol. connections, high opportunity costs to pol. services, etc.

There can be no doubt that our high Aristocracy have been accustomed to employ the civil establishment as a means of providing for the Waifs and Strays of their families.

-Sir Charles Trevelyan (as cited in Mueller, 1984)

Screen candidates for office based on an (imperfect) indicator for competence

• To the extent that this indicator is valid, merit is (weakly) more likely to select competent applicants

- To the extent that this indicator is valid, merit is (weakly) more likely to select competent applicants
- To the extent that competition is open, merit is less likely to exclude would-be bureaucrats from applying for posts

- To the extent that this indicator is valid, merit is (weakly) more likely to select competent applicants
- To the extent that competition is open, merit is less likely to exclude would-be bureaucrats from applying for posts
- But, entails the loss of patronage rents for gov't

- To the extent that this indicator is valid, merit is (weakly) more likely to select competent applicants
- To the extent that competition is open, merit is less likely to exclude would-be bureaucrats from applying for posts
- But, entails the loss of patronage rents for gov't
  - [After the adoption of merit examinations], the [Prussian] bureaucracy provided a carefully regulated opportunity for upward mobility through entrance into its ranks.
  - -Gillis (1971)

Screen candidates for office based on an (imperfect) indicator for competence

- To the extent that this indicator is valid, merit is (weakly) more likely to select competent applicants
- To the extent that competition is open, merit is less likely to exclude would-be bureaucrats from applying for posts
- But, entails the loss of patronage rents for gov't

[After the adoption of merit examinations], the [Prussian] bureaucracy provided a carefully regulated opportunity for upward mobility through entrance into its ranks.
-Gillis (1971)

[Of entrants to the ICS] some 30 per cent of the candidates were sons of men who, by the standards of the day, came from hte lower middle class or even further down the social scale.
-Reader (1966)

Political institutions determine breadth of access to patronage mechanism

Political institutions determine breadth of access to patronage mechanism

suffrage restrictions

Political institutions determine breadth of access to patronage mechanism

- suffrage restrictions
- composition of 'winning coalition'

Political institutions determine breadth of access to patronage mechanism

- suffrage restrictions
- composition of 'winning coalition'

Breadth of access to patronage determines effects of changing distribution of skills:

Political institutions determine breadth of access to patronage mechanism

- suffrage restrictions
- composition of 'winning coalition'

Breadth of access to patronage determines effects of changing distribution of skills:

 when narrow, small shift in skills away from elite may have large effects

Political institutions determine breadth of access to patronage mechanism

- suffrage restrictions
- composition of 'winning coalition'

Breadth of access to patronage determines effects of changing distribution of skills:

- when narrow, small shift in skills away from elite may have large effects
- when broad, large shifts necessary to have same effect on bur. competence

**Assumption:** Temporal variation in rates of educational enrollment during this period reflect changing skill levels of politically marginalized.

**Assumption:** Temporal variation in rates of educational enrollment during this period reflect changing skill levels of politically marginalized.

#### **Predictions:**

**Assumption:** Temporal variation in rates of educational enrollment during this period reflect changing skill levels of politically marginalized.

#### **Predictions:**

 Increased educational enrollment rates increases the probability with which merit reforms are adopted

**Assumption:** Temporal variation in rates of educational enrollment during this period reflect changing skill levels of politically marginalized.

#### **Predictions:**

- Increased educational enrollment rates increases the probability with which merit reforms are adopted
- 2 Effect is *moderated* by political institutions, largest where institutions are least inclusive

Focus on changes in de jure recruitment policies.

Focus on *changes* in *de jure* recruitment policies.

Meritocratic changes:

Focus on changes in de jure recruitment policies.

### Meritocratic changes:

• Intro. of exams, increased competitiveness of exams

Focus on *changes* in *de jure* recruitment policies.

### Meritocratic changes:

- Intro. of exams, increased competitiveness of exams
- Intro. of educational requirements

Focus on changes in de jure recruitment policies.

#### Meritocratic changes:

- Intro. of exams, increased competitiveness of exams
- Intro. of educational requirements
- Intro. of competitive postings

Focus on *changes* in *de jure* recruitment policies.

### Meritocratic changes:

- Intro. of exams, increased competitiveness of exams
- Intro. of educational requirements
- Intro. of competitive postings

 $\textit{merit}_{i,t} \in \{0,1\}$  coded as 1 in year of such reforms, 0 otherwise

Focus on *changes* in *de jure* recruitment policies.

### Meritocratic changes:

- Intro. of exams, increased competitiveness of exams
- Intro. of educational requirements
- Intro. of competitive postings

 $\textit{merit}_{i,t} \in \{0,1\}$  coded as 1 in year of such reforms, 0 otherwise

Coded based on secondary sources for 12 Western European countries from 1800-1945.

## Educational Enrollment

- Flora (1987): Primary education enrollment, divided by pop. aged 0-14 (Rothenbacher, 2002)
- **Mitchell (1975):** Primary and secondary enrollment, divided by pop. aged 0-14 (Rothenbacher, 2002)
- Lindert (2004): Primary school students per 1000 children aged 5-14

### **Educational Enrollment**

- Flora (1987): Primary education enrollment, divided by pop. aged 0-14 (Rothenbacher, 2002)
- Mitchell (1975): Primary and secondary enrollment, divided by pop. aged 0-14 (Rothenbacher, 2002)
- Lindert (2004): Primary school students per 1000 children aged 5-14

Interpolate gaps of less than 10 years. Exponential growth rates in raw enrollment numbers, linear for Lindert data.

### Political Inclusiveness

- **Dem. Participation:** Electoral participation (% aged 20 and above) (Flora, 1987). Set to 0 for periods when polity indicates executive recruitment hereditary or via designated succession.
- Polity: Polity2 score from the Polity IV dataset.
- Wide Suffrage: Indicator equal to 1 for universal or 'independent' male suffrage (Przeworski, 2009). Adjusted to zero if Polity2 indicates executive recruitment hereditary or via designated succession.

# Model

## Model

Collapse data to 5 year intervals

### Model

Collapse data to 5 year intervals Conditional Logit Model:

$$\begin{split} \textit{merit}_{i,t} &= \textit{Logit}(\alpha_i + \gamma \textit{education}_{i,t-1} + \delta \textit{participation}_{i,t-1} \\ &+ \lambda \textit{education}_{i,t-1} * \textit{participation}_{i,t-1} + \textbf{X}_{i,t-1}\beta + \textbf{T}\zeta) \end{split}$$

Collapse data to 5 year intervals Conditional Logit Model:

$$\begin{split} \textit{merit}_{i,t} &= \textit{Logit}(\alpha_i + \gamma \textit{education}_{i,t-1} + \delta \textit{participation}_{i,t-1} \\ &+ \lambda \textit{education}_{i,t-1} * \textit{participation}_{i,t-1} + \textbf{X}_{i,t-1}\beta + \textbf{T}\zeta) \end{split}$$

Collapse data to 5 year intervals Conditional Logit Model:

$$\begin{split} \textit{merit}_{i,t} &= \textit{Logit}(\alpha_i + \gamma \textit{education}_{i,t-1} + \delta \textit{participation}_{i,t-1} \\ &+ \lambda \textit{education}_{i,t-1} * \textit{participation}_{i,t-1} + \textbf{X}_{i,t-1}\beta + \textbf{T}\zeta) \end{split}$$

#### **Controls:**

• GDP per capita (Maddison, 2007)

Collapse data to 5 year intervals Conditional Logit Model:

$$\begin{aligned} \textit{merit}_{i,t} &= \textit{Logit}(\alpha_i + \gamma \textit{education}_{i,t-1} + \delta \textit{participation}_{i,t-1} \\ &+ \lambda \textit{education}_{i,t-1} * \textit{participation}_{i,t-1} + \textbf{X}_{i,t-1}\beta + \textbf{T}\zeta) \end{aligned}$$

- GDP per capita (Maddison, 2007)
- International War (Correlates of War, 2010)

Collapse data to 5 year intervals Conditional Logit Model:

$$merit_{i,t} = Logit(\alpha_i + \gamma education_{i,t-1} + \delta participation_{i,t-1} + \lambda education_{i,t-1} * participation_{i,t-1} + \mathbf{X_{i,t-1}}\beta + \mathbf{T}\zeta)$$

- GDP per capita (Maddison, 2007)
- International War (Correlates of War, 2010)

Collapse data to 5 year intervals Conditional Logit Model:

$$\begin{split} \textit{merit}_{i,t} &= \textit{Logit}(\alpha_i + \gamma \textit{education}_{i,t-1} + \delta \textit{participation}_{i,t-1} \\ &+ \lambda \textit{education}_{i,t-1} * \textit{participation}_{i,t-1} + \textbf{X}_{i,t-1}\beta + \textbf{T}\zeta) \end{split}$$

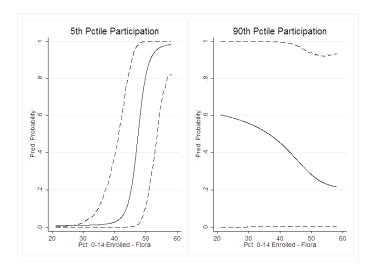
- GDP per capita (Maddison, 2007)
- International War (Correlates of War, 2010)

Results

## **Estimates**

Flora Ed. Measures		Mitchell Ed. Measures		Lindert Ed. Measures		
Education	0.916***	0.754***	0.198	0.198	0.122	0.135
per capita	[0.249,1.584]	[0.206,1.302]	[-0.076,0.472]	[-0.070,0.465]	[-0.077,0.321]	[-0.042,0.311]
Dem. Partic.	0.717** [0.096,1.338]	0.587** [0.078,1.095]	0.218 [-0.052,0.487]	0.223 [-0.050,0.495]	0.038 [-0.162,0.238]	0.009 [-0.172,0.190]
Education	-0.015**	-0.012**	-0.005*	-0.005*	-0.001	-0.001
$\times$ Dem. Partic.	[-0.028,-0.002]	[-0.023,-0.002]	[-0.010,0.001]	[-0.010,0.001]	[-0.004,0.002]	[-0.003,0.002]
GDP per capita	-0.002		-0.001		0.001	
	[-0.005,0.001]		[-0.003,0.001]		[-0.002,0.004]	
War	-0.821		-0.732		-0.870	
	[-3.009,1.368]		[-2.740,1.275]		[-2.486,0.745]	
Ever Merit	-1.635	-1.680	-0.726	-1.280	-0.479	-0.465
	[-5.378,2.107]	[-5.137,1.777]	[-4.753,3.301]	[-5.096,2.536]	[-3.018,2.060]	[-2.673,1.742]
Cubic Time						
Polynomial	✓	✓	✓	✓	✓	✓
# of Countries	6	6	6	6	6	6
# of Obs	65	65	64	64	80	82

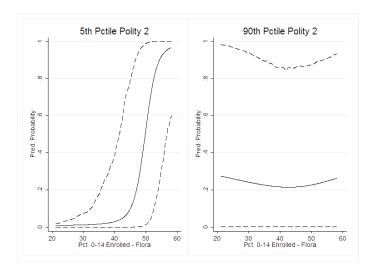
## Predicted Probabilities



# Polity Estimates

	Flora Ed.	Measures	Mitchell Ed	l. Measures	Lindert Ed	. Measures
Education	0.575**	0.496**	0.201	0.185	0.091	0.046
per capita	[0.080,1.071]	[0.101,0.890]	[-0.066,0.467]	[-0.056,0.427]	[-0.039,0.220]	[-0.042,0.134]
Polity 2	2.625* [-0.326,5.577]	2.152* [-0.104,4.408]	1.355 [-0.317,3.028]	1.255 [-0.267,2.777]	0.203 [-0.302,0.707]	0.150 [-0.252,0.551]
Education	-0.058*	-0.047*	-0.028*	-0.026*	-0.002	-0.002
× Polity 2	[-0.121,0.005]	[-0.094,0.000]	[-0.061,0.005]	[-0.055,0.004]	[-0.010,0.006]	[-0.008,0.005]
GDP per capita	0.001		0.000		-0.000	
	[-0.002,0.005]		[-0.003,0.003]		[-0.003,0.002]	
War	-0.399		-0.750		-0.169	
	[-2.454,1.657]		[-2.818,1.318]		[-1.446,1.109]	
Ever Merit	-3.236	-2.434	-1.352	-1.458	-0.835	-0.745
	[-10.544,4.072]	[-8.665,3.798]	[-5.956,3.253]	[-5.759,2.843]	[-3.118,1.448]	[-2.712,1.221]
Cubic Time						
Polynomial	✓	✓	✓	✓	✓	✓
# of Countries	6	6	6	6	9	10
# of Obs	67	67	69	69	115	125

## Polity Predicted Probabilities



# Widespread Suffrage Estimates

	Flora Ed.	Measures	Mitchell Ed	l. Measures	Lindert Ed	. Measures
Education	0.327**	0.345**	0.181	0.184	0.100	0.086
per capita	[0.019,0.635]	[0.030,0.661]	[-0.112,0.474]	[-0.111,0.479]	[-0.040,0.240]	[-0.035,0.20
Wide Suffrage	3.878	4.853	4.330	4.150	0.491	2.127
	[-7.936,15.693]	[-6.310,16.015]	[-6.614,15.275]	[-6.601,14.901]	[-6.100,7.082]	[-3.972,8.22]
Education	-0.146	-0.175	-0.137	-0.138	-0.038	-0.066
imes Wide Suffrage	[-0.427,0.135]	[-0.443,0.094]	[-0.398,0.124]	[-0.396,0.120]	[-0.156,0.081]	[-0.177,0.04
GDP per capita	-0.001		-0.001		-0.001	
	[-0.003,0.002]		[-0.003,0.002]		[-0.003,0.001]	
War	-0.225		-0.672		-0.075	
	[-2.215,1.766]		[-2.740,1.397]		[-1.396,1.246]	
Ever Merit	-0.801	-1.202	-0.900	-1.158	-1.001	-1.371
	[-4.647,3.045]	[-4.857,2.454]	[-4.595,2.796]	[-4.839,2.523]	[-3.337,1.334]	[-3.178,0.436
Cubic Time						
Polynomial	✓	✓	✓	✓	✓	✓
# of Countries	6	6	6	6	9	10
# of Obs	67	67	70	70	116	130

# Compulsory Ed. and Enrollment Rates

	Expansion of Comp. Ed.	Primary Ed. Comp.	Years Compulsory Ed.
$\Delta$ compulsory	1.349	1.925	0.401**
	[-0.441,3.140]	[-0.710,4.561]	[0.006,0.796]
$\Delta$ GDP per capita	-0.002*	-0.001	-0.001*
	[-0.003,0.000]	[-0.003,0.000]	[-0.003,0.000]
Constant	1.298***	1.303***	1.276***
	[0.600,1.995]	[0.605,2.001]	[0.589,1.962]
# of Obs.	114	114	114

# Estimates Controlling for Compulsory Ed.

	Compulsory Ed.	Years Compulsory Ed.	
Flora Ed. per capita	0.936***	0.910***	
	[0.282,1.590]	[0.255,1.566]	
Dem. Participation	0.588*	0.669**	
	[-0.025,1.201]	[0.017,1.321]	
Flora Ed. per capita	-0.013**	-0.014**	
imes Dem. Participation	[-0.025,-0.000]	[-0.027,-0.001]	
Compulsory	-3.497	-0.166	
	[-9.922,2.927]	[-0.968,0.637]	
Controls	✓	√	
Cubic Time			
Polynomial	$\checkmark$	$\checkmark$	
# of Countries	6	6	
# of Obs	65	65	

**Findings:** 

### **Findings:**

 Expanded education enrollment assoc. with adoption of merit reform in exclusive pol. systems

### **Findings:**

- Expanded education enrollment assoc. with adoption of merit reform in exclusive pol. systems
- 2 Little to no relationship in inclusive pol. systems

### **Findings:**

- Expanded education enrollment assoc. with adoption of merit reform in exclusive pol. systems
- 2 Little to no relationship in inclusive pol. systems

Consistent with theory stressing the supply-side costs to patronage