State Capacity, Politicization, and Why it Matters in Brazil

(with some very tentative comparison to the US federal government)

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The centrality of Brazil in the literature on islands of excellence and state capacity

Capacity and Autonomy

Cardoso 1975 | Evans 1992 | Haggard and Kaufman 1992

Islands of excellence in a sea of patronage and clientelism

Martins 1985 | Willis 1986 | Schneider 1987 | Geddes 1994 | Evans 1995 | Whitehead 2006

‘The politician’s dilemma’

Geddes 1994

Concept and Data: Mapping the Archipelago of Excellence in Brazil

> A professional bureaucracy able to implement policy without undue external influence.”

MEASURES OF AGENCY CAPACITY AND POLITICAL AUTONOMY

Database	300,000 federal civil servants.
Data source	crossing individual civil service data with electoral court data.
Scope	95 most significant federal agencies.
Aggregation	Bayesian latent variable analysis.

Indicators of Capacity and Political Autonomy

Capacity

"the degree to which core state agencies are characterized by meritocratic recruitment and offer predictable, rewarding longterm careers."

Career strength: Proportion of civil servants in either core or expert careers

Career specialization A: Average longevity in civil service

Career specialization B: Civil servants requisitioned from other agencies

Career specialization C: Average salary for civil servants within agency

Autonomy

"the extent to which they have their own interests and values distinguishable from those of other institutions and social forces."

Proportion of low-level DAS appointments filled by party members

Proportion of high-level DAS appointments filled by party members

Proportion of regular civil servants that are party members

State Capacity *and* Political Autonomy

Confirmatory factor analysis confirms that capacity and autonomy are empirically distinct dimensions.

Bayesian latent variable approach (Treier & Jackman 2008)

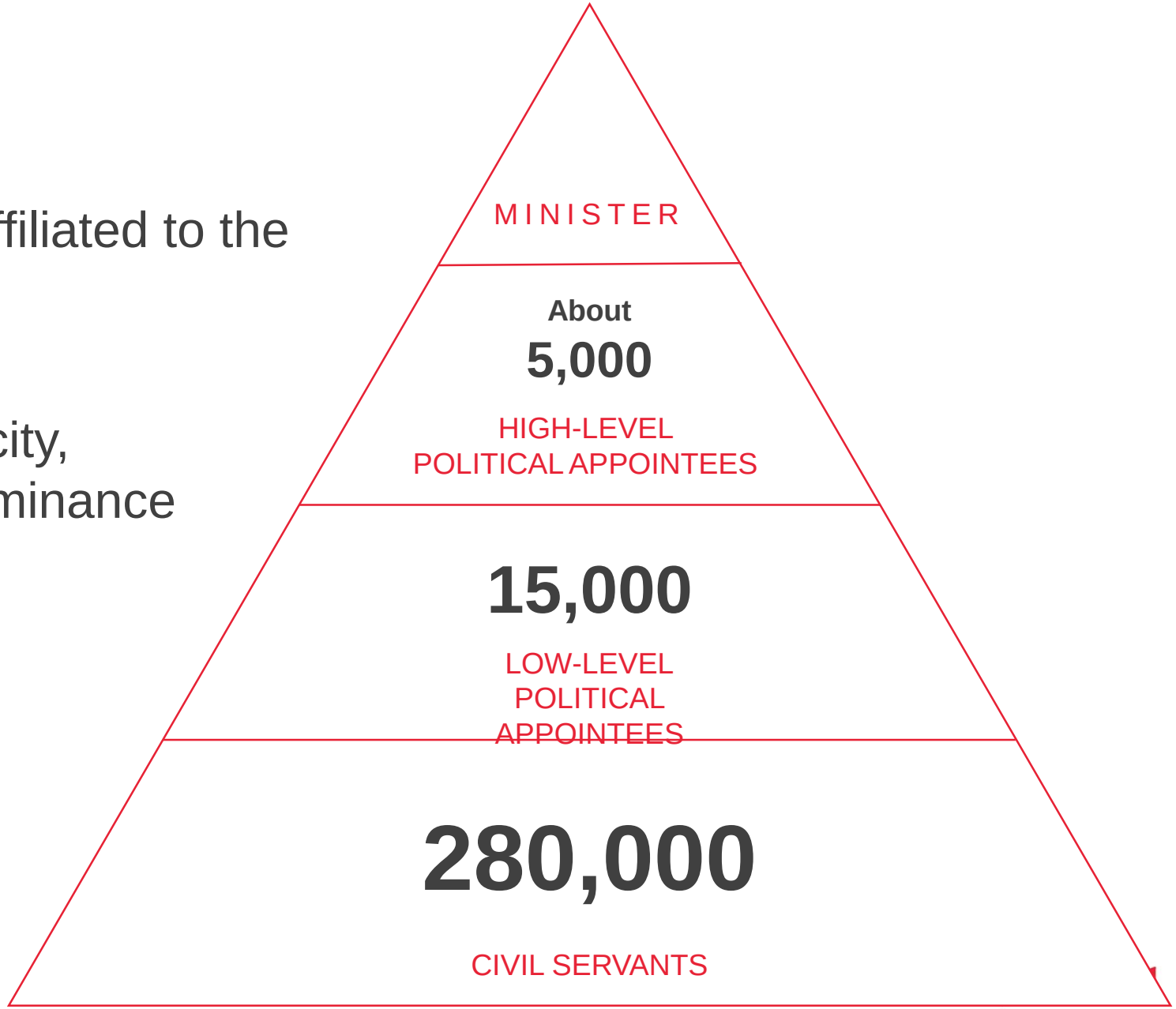
1. Agnostic as to normative preferences
2. Resolves indexation problem

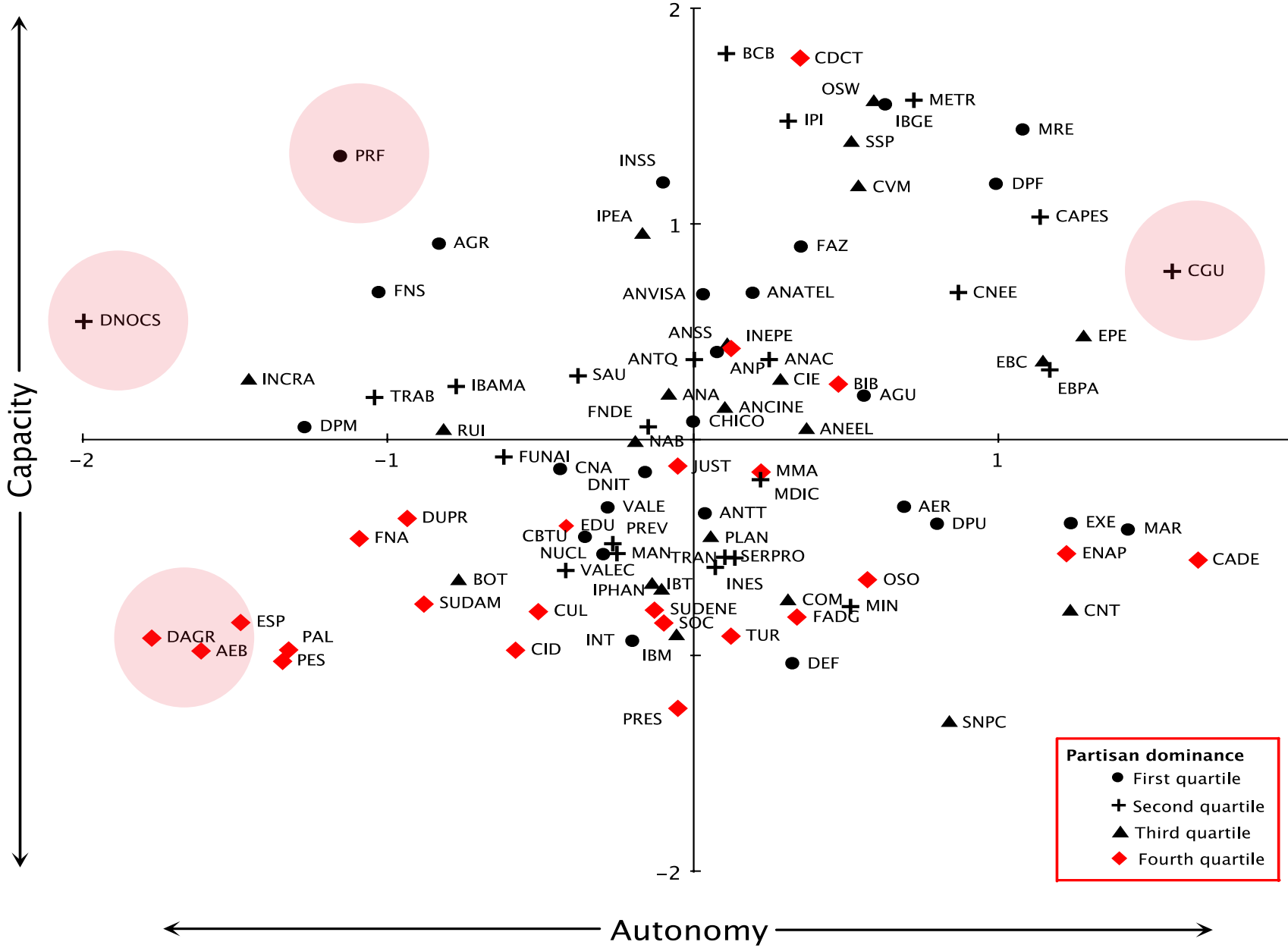
> "attempts to express each variable as the sum of common and unique portions, attempting to find the solution that maximizes the portion explained by the common factor."


Economic Policy & Planning
Legal & Law Enforcement
Science & Technology
Foreign Policy
Communications
Education
Defense
Infrastructure & Development
Tourism, Sports & Culture
Environment
Labor
Agriculture
Health, Social Security & Social Policy
Capacity
Autonomy
2
1
-1
-2
BCB
CDCT
METR
OSW
IBGE
IPI
MRE
SSP
PRF
INSS
CVM
DPF
CAPES
IPEA
AGR
FAZ
CGU
ANVISA
ANATEL
CNEE
FNS
DNOCS
ANSS
EPE
ANP
JNEPE
ANTQ
ANAC
EBC
EBPA
INCRA
TRAB
IBAMA
SAU
CIE
BIB
ANA
AGU
ANCINE
DPM
RUI
FNDE
CHICO
ANEEL
FUNAI
NAB
JUST
CNA
DNIT
MMA
MDIC
AER
VALE
ANTT
EXE
DUPR
DPU
MAR
NUCL
PREV
PLAN
FNA
MAN
SERPRO
TRAN
ENAP
CADE
INES
BOT
VALEC
OSO
IPHAN
COM
SUDAM
SUDENE
MIN
CNT
DAGR
ESP
CUL
FADG
SOC
TUR
PAL
AEB
CID
INT
IBM
PES
DEF
PRES
SNPC

Partisan Dominance

- Percentage of employees affiliated to the dominant party
- Correlations between Capacity, Autonomy, and Partisan Dominance are low





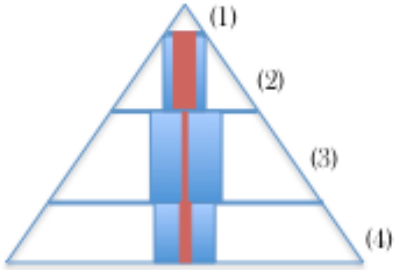


Fig. 2: DNOCS
[Lowest autonomy score]

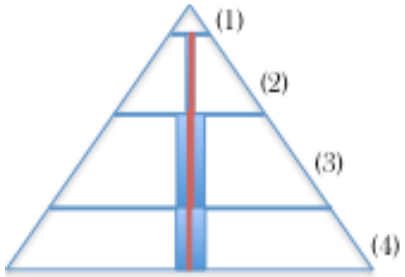


Fig. 3: CGU
[Highest autonomy score]

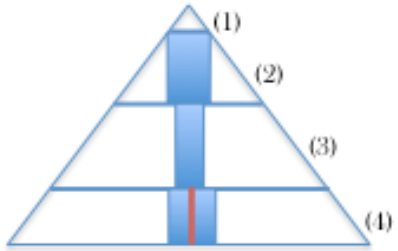


Fig. 4: PRF
[Lowest political dominance score]

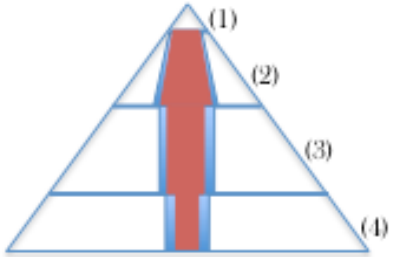


Fig. 5: DAGR
[Highest political dominance score]

Reported Corruption: Media Mentions of Corruption

- Media Mentions of Corruption in the O Estado de S. Paulo newspaper

Reported Corruption: count of newspaper stories on corruption within each agency appearing in the O Estado de S. Paulo newspaper over the decade beginning in 2002.

O ESTADO DE S. PAULO

FUNDADO EM 1875 JULIO MESQUITA (1862 - 1927)

Domingo 5 DE FEVEREIRO DE 2017 R$ 6,00 ANO 138 Nº 45036 EDIÇÃO DE 23H30 estadão.com.br

Força-tarefa apura corrupção em 52 empresas e fundos

Procuradores investigam se esquemas descobertos em três diferentes operações estão ligados ao mesmo grupo criminoso, do qual fariam parte Cunha e Geddel

A Procuradoria da República no Distrito Federal montou força-tarefa para investigar suspeita de corrupção em aportes financeiros feitos por entidades públicas em 52 grandes empre-

● Citados negam irregularidades

As empresas e os agentes públicos citados na investigação da Procuradoria negaram envolvimento nos esquemas

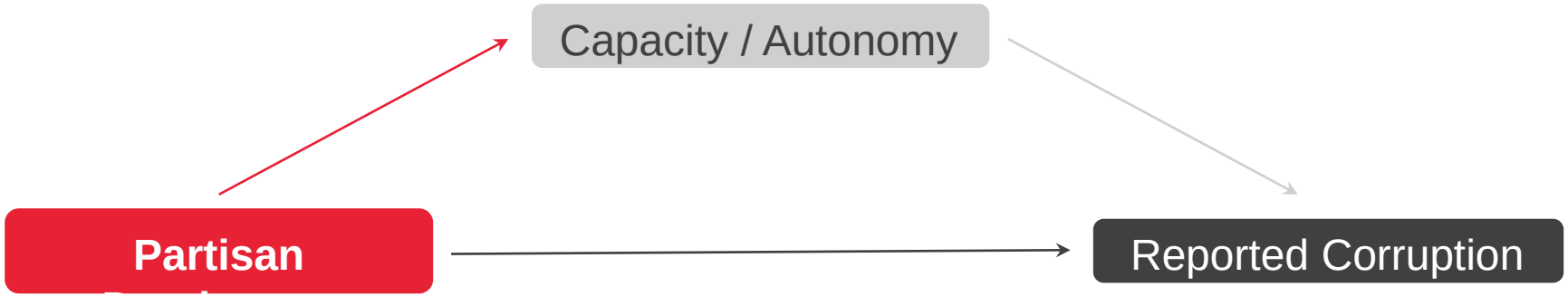
cos e empresários. Procuradores apuram se investimentos do FGTS, da Vice-Presidência de Pessoa Jurídica da Caixa, de fundos de pensão e de instituições previdenciárias municipais e

PERFIL

Harvard. Procurador Deltan Dallagnol festeja conclusão de mestrado

O TEÓRICO DA LAVA JATO

Core Variables and Reported Corruption



- Core variables are each associated with higher levels of corruption and are statistically significant.
- Capacity mediates the effect of Partisan Dominance on Reported Corruption
- Fewer political employees decreases Reported Corruption, but a strongly dominant party weakens that effect.

Findings

A “proof of concept” about the utility of agency-level measures

+ Objective, not subjective
+ Individual rather than institutional characteristics
+ Differentiation between autonomy and capacity
+ Within-country comparative measure – and inexpensive, too!

Key Findings

Politicization of the bureaucracy has detrimental effects on governance.

Building up the capacity and autonomy of the bureaucracy may provide a partial antidote (policy legacies matter!).

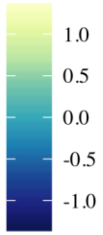
Competition between political parties within an agency may serve to check the worst impulses of a dominant party.

Next steps

Longitudinal

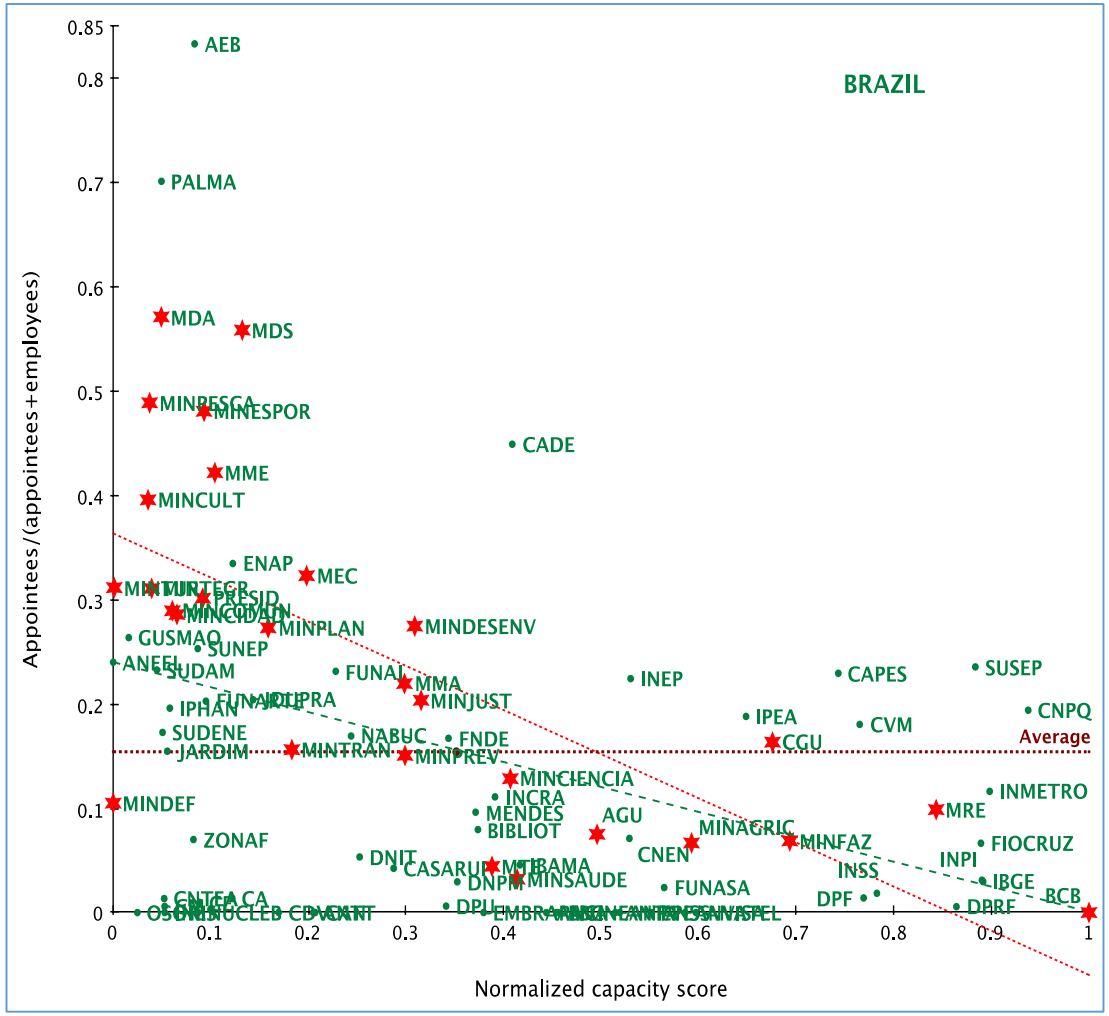
Cross-national

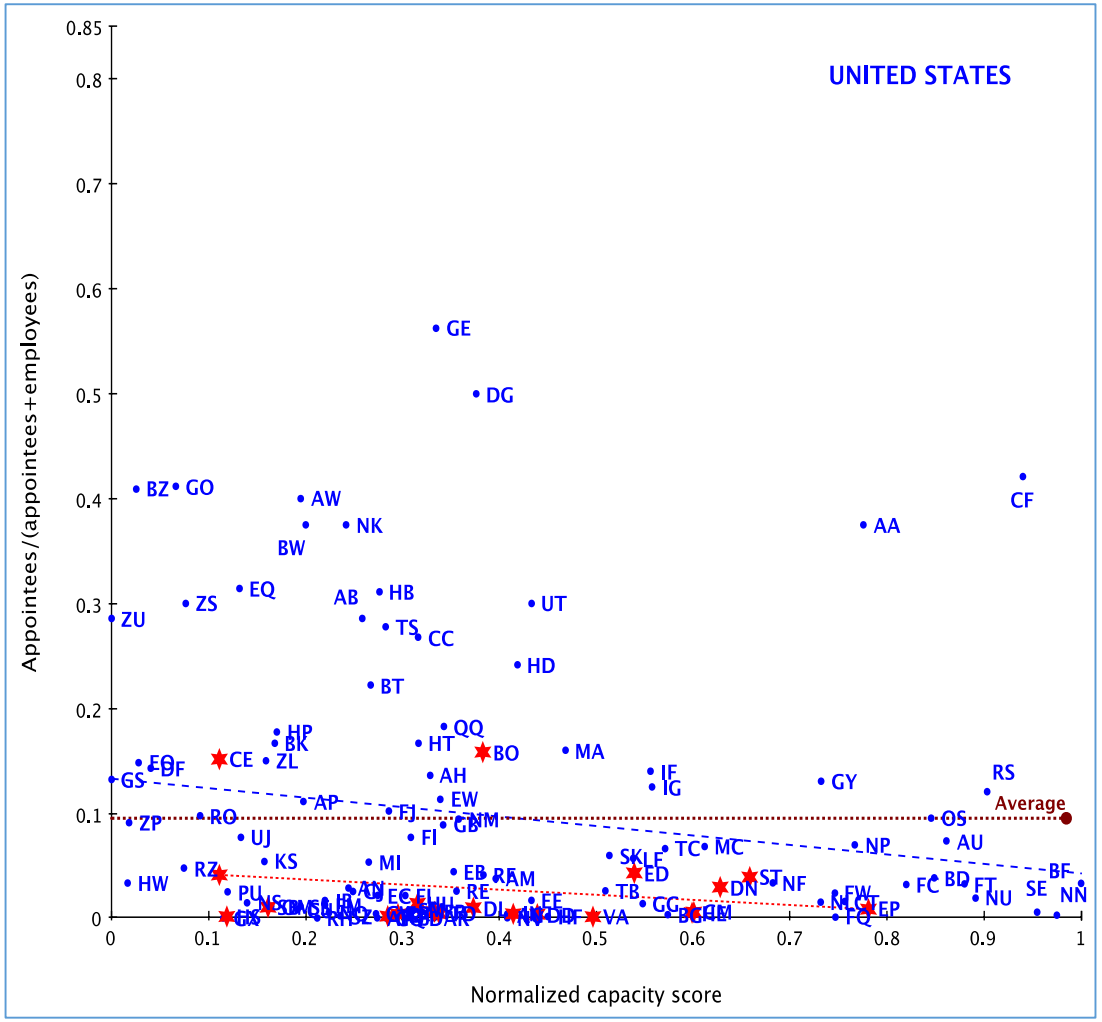
Longitudinal: Political Autonomy by Policy Area (2011-2017)



	2011	2013	2015	2017
Foreign Policy	1.39	1.23	1.3	1.34
Economic Policy	0.57	0.44	0.69	0.83
Legal Policy	0.42	0.71	0.55	0.32
Regulatory Agencies	0.42	0.42	0.43	0.38
Defense	0.52	0.39	0.28	-0.02
Science and Technology	-0.2	0.57	0.39	0.38
Information Policy	0.38	-0.07	0.26	0.32
Education	0.16	0.17	0.32	0.15
Culture	-0.07	0.02	0.21	0.31
Environment	0.18	0.14	-0.15	-0.29
Public Administration	-0.1	0.11	-0.13	-0.38
Infrastructure	-0.32	-0.22	-0.21	-0.22
Other	-0.43	-0.3	-0.14	-0.13
Social Policy	-0.38	-0.36	-0.14	-0.21
Agriculture	-0.99	-1.01	-1.02	-0.75
Labor Policy/Social Policy	-0.96	-1.52	-2.08	-1.07

Cross-national: Appointments and Capacity

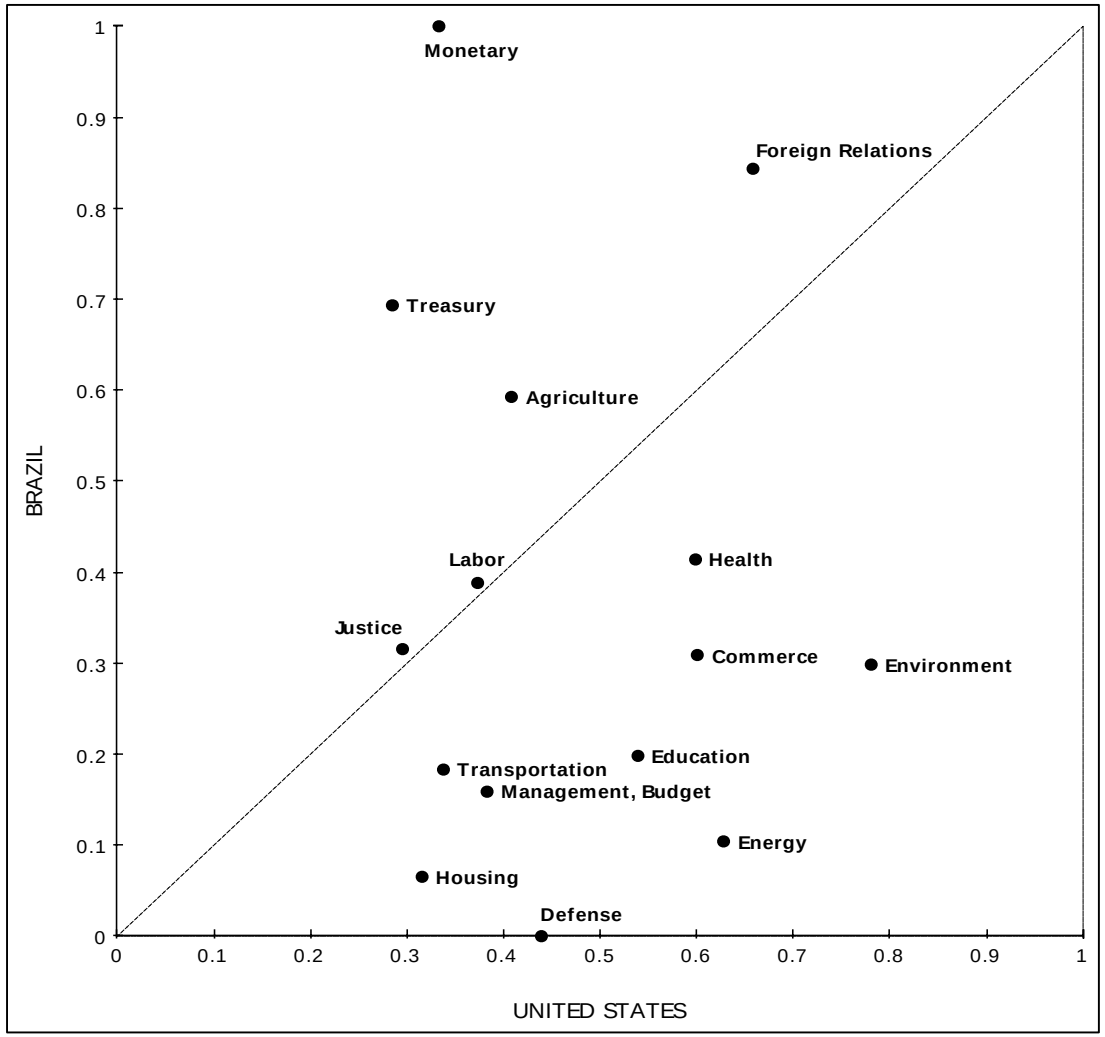




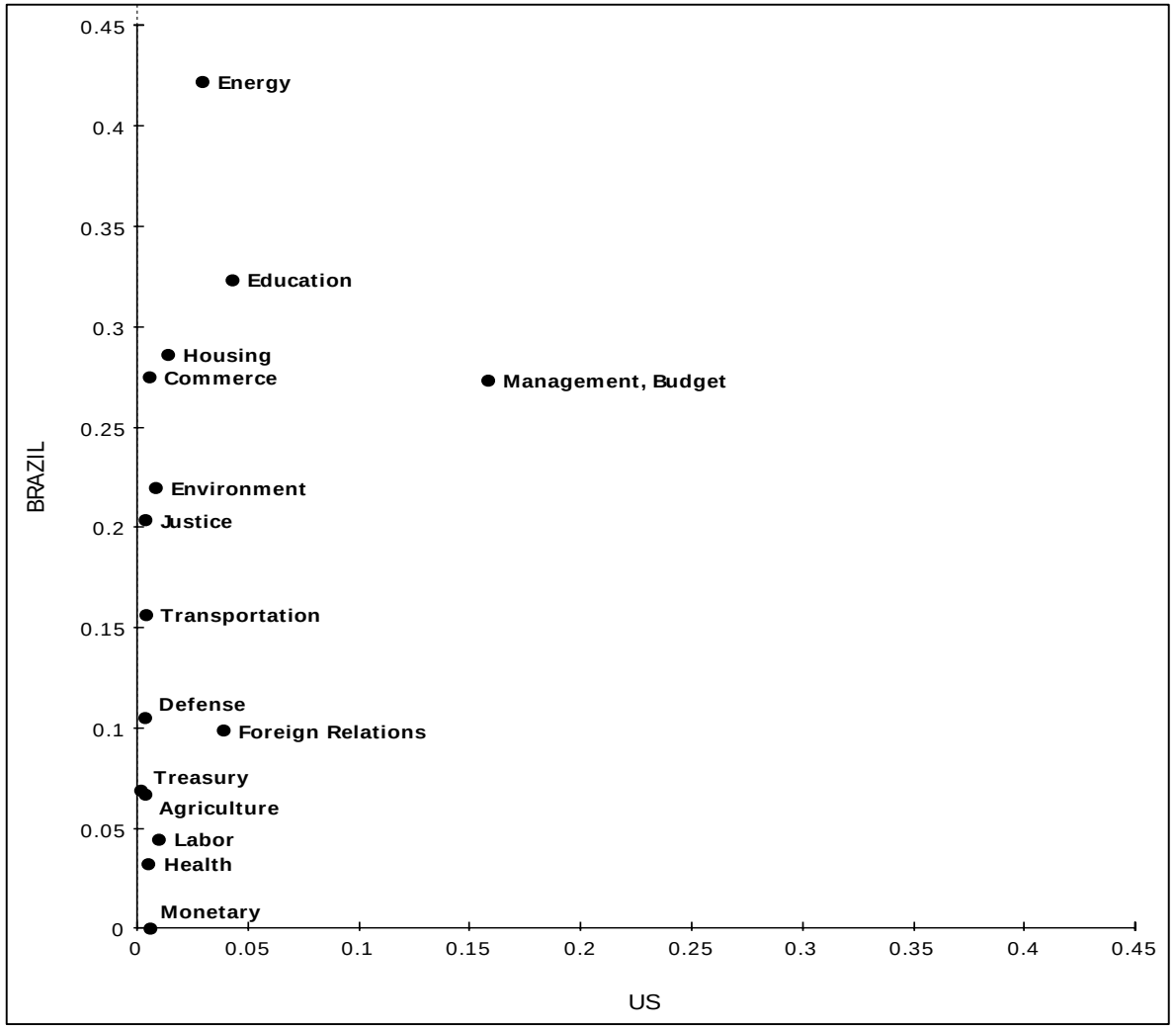
Thank you.

mtaylor@american.edu

Normalized cabinet pairings



Appointments, proportionally



Different logics of capacity building and appointment

- Education
- Sources of innovation
- Wages and bureaucratic expertise
- Incentives of the political organizational context

1 of 3

Table 2: Effect of Core Independent Variables on Reported Corruption

	(1)	(2)	(3)	(4)
(Intercept)	-6.20^{*}	$-4.24^{\dagger}$	-3.84	$-4.02^{\dagger}$
	(2.58)	(2.39)	(2.37)	(2.36)
Partisan Dominance	3.50^{*}			0.47
	(1.70)			(1.69)
Capacity		-0.94^{***}		-0.63^{*}
		(0.27)		(0.28)
Autonomy			-1.21^{***}	-0.98^{***}
			(0.25)	(0.25)
Budget (logged)	0.31^{**}	0.26^{*}	0.25^{*}	0.25^{*}
	(0.12)	(0.11)	(0.11)	(0.11)
Employees (thousands)	0.04	$0.06^{\dagger}$	0.02	0.04
	(0.04)	(0.04)	(0.03)	(0.03)
Leadership Turnover	0.81	0.45	-0.04	0.14
	(0.83)	(0.81)	(0.78)	(0.77)
Theta	0.30^{***}	0.32^{***}	0.36^{***}	0.38^{***}
	(0.05)	(0.06)	(0.07)	(0.07)
N	91	91	91	91
AIC	467.54	462.61	456.57	455.95
BIC	527.81	522.87	516.83	536.30
$\log L$	-209.77	-207.30	-204.28	-195.97

Standard errors in parentheses

† significant at $p < .10$; $^{*}p < .05$; $^{**}p < .01$; $^{***}p < .001$

2 of 3

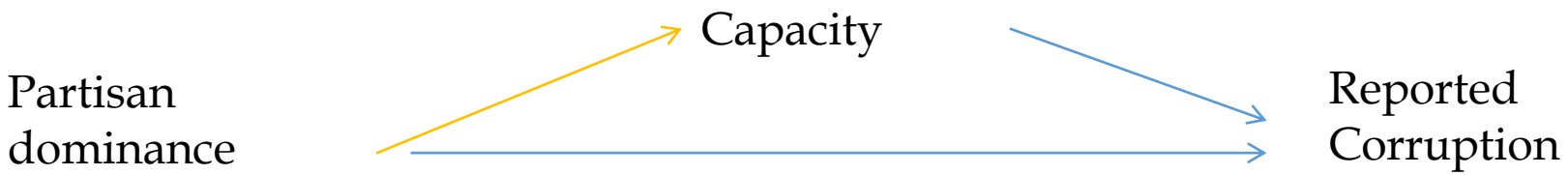


Table 3: Testing Relationships Between Core Independent Variables

	Assessing Capacity as an Intervening Variable			Interactions	
	Capacity	Reported Corruption		Reported Corruption	
	(5)	(6)	(7)	(8)	(9)
(Intercept)	0.33	−6.20*	−4.88*	−4.94†	−5.70*
	(0.96)	(2.58)	(2.49)	(2.57)	(2.56)
Partisan Dominance	−2.28***	3.50*	1.20	1.40	2.76
	(0.63)	(1.70)	(1.76)	(2.37)	(1.93)
Capacity			−0.85**	−1.13	
			(0.29)	(0.75)	
Partisan Dom. x Capacity				1.08	
				(2.78)	
Autonomy					−2.42***
					(0.57)
Partisan Dom. x Autonomy					4.59**
					(1.77)
Budget (logged)	0.00	0.31**	0.28*	0.28*	0.30**
	(0.04)	(0.12)	(0.11)	(0.11)	(0.11)
Employees (thousands)	0.03*	0.04	0.07†	0.07†	0.02
	(0.01)	(0.04)	(0.04)	(0.04)	(0.03)
Leadership Turnover	0.28	0.81	0.53	0.60	0.43
	(0.30)	(0.83)	(0.81)	(0.82)	(0.77)
Theta		0.30***	0.32***	0.33***	0.38***
		(0.05)	(0.06)	(0.06)	(0.07)
N	94	91	91	91	91
R^2	0.24				
adj. R^2	0.20				
Resid. sd	0.70				
AIC		467.54	464.29	466.17	457.31
BIC		527.81	534.59	546.52	537.66
log L		−209.77	−204.15	−201.08	−196.66

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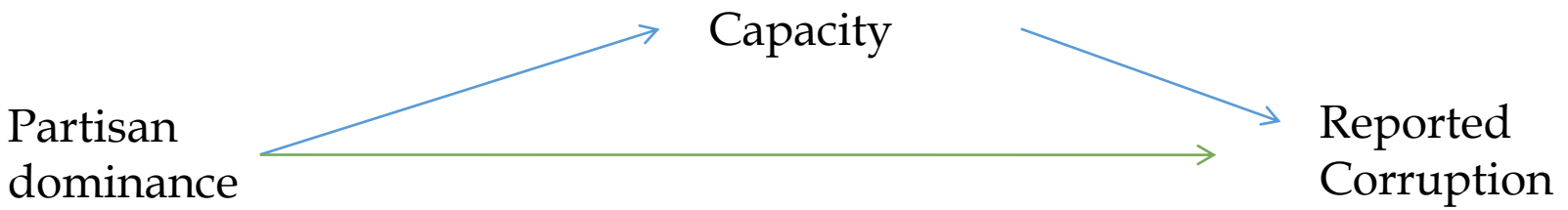

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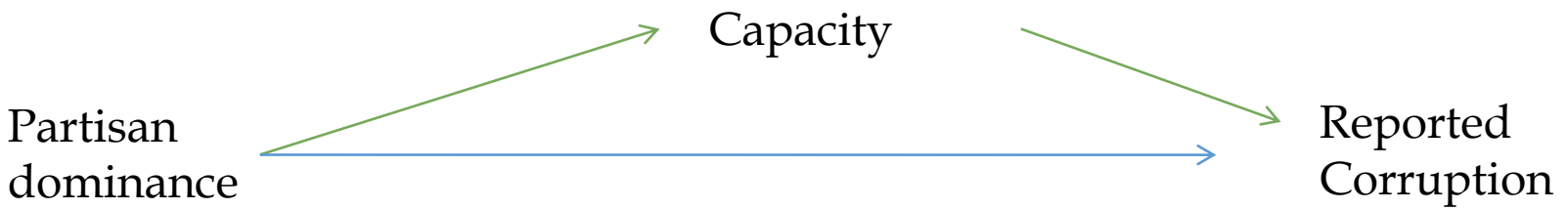

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3 of 3

Partisan Dominance x Autonomy

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Theta		0.30***	0.32***	0.33***	0.38***
		(0.05)	(0.06)	(0.06)	(0.07)
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R^2	0.24				
adj. R^2	0.20				
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AIC		467.54	464.29	466.17	457.31
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Standard errors in parentheses

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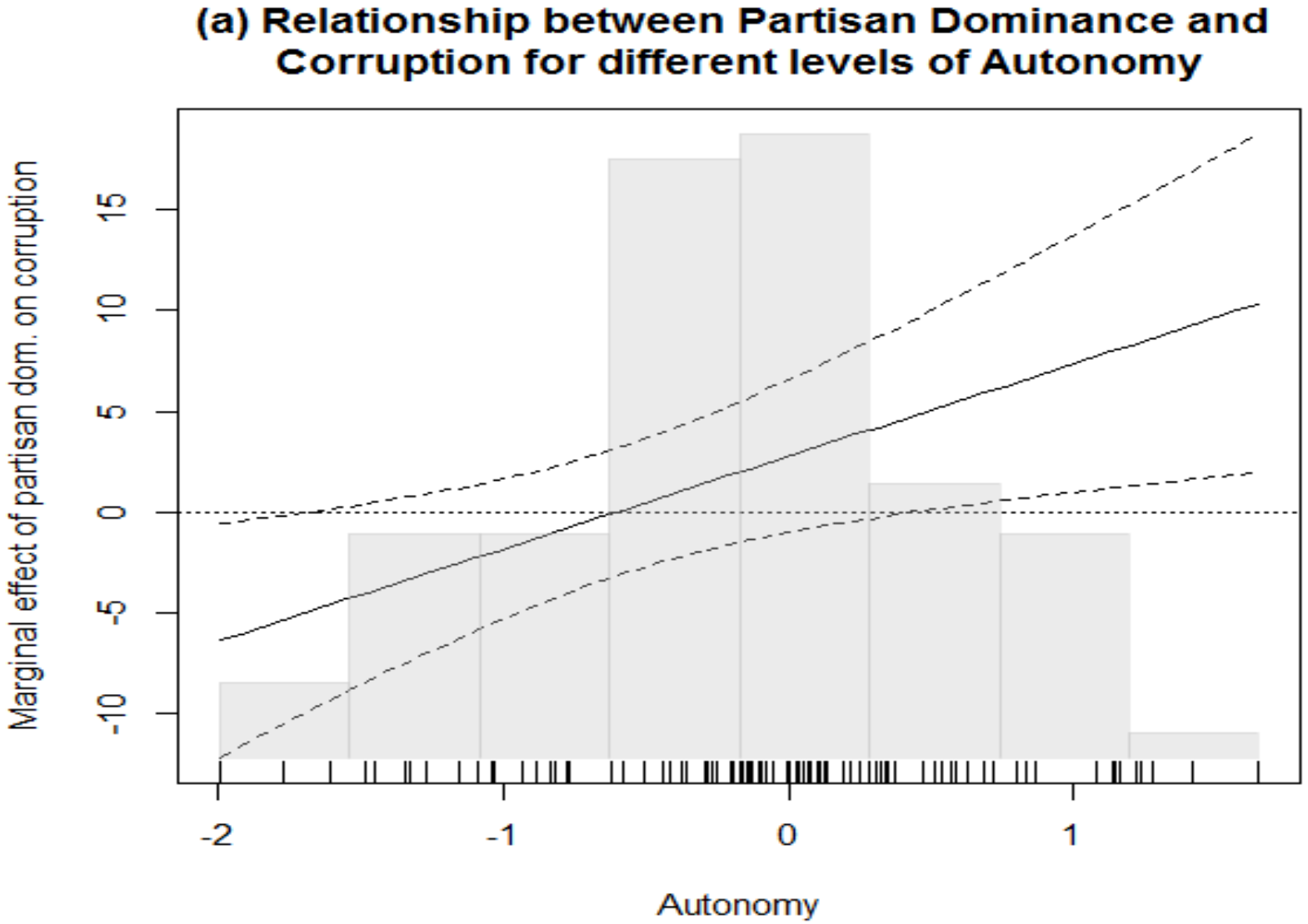
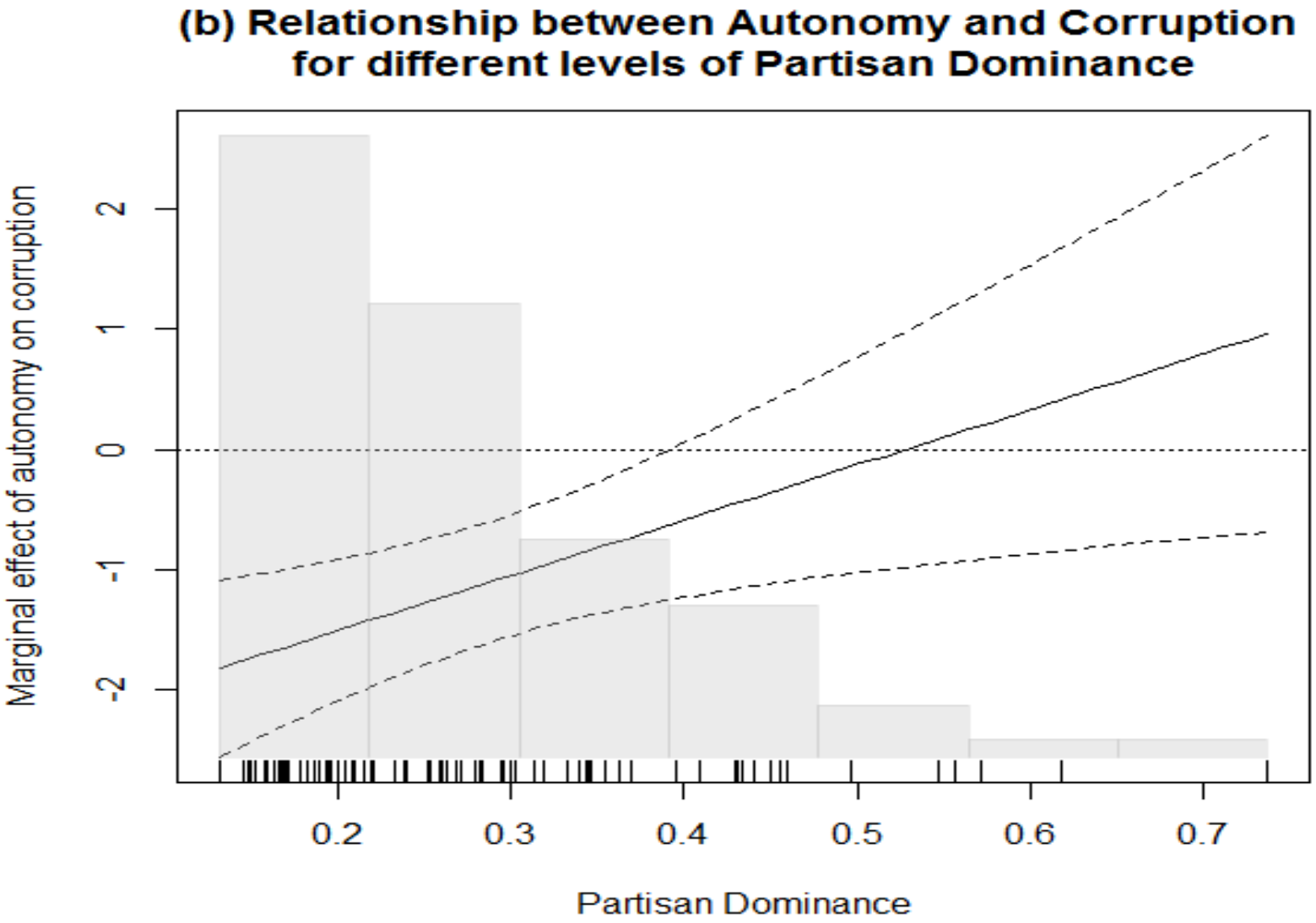
$H_{Partisan\,|\,Autonomy}$: The marginal effect of Partisan Dominance on Reported Corruption will be positive at all values of Autonomy; this effect will be weakest, though, when Autonomy is at its lowest and strengthens in magnitude as Autonomy increases.



$H_{Autonomy|Partisan}$: The marginal effect of Autonomy on Corruption is negative at all levels of Partisan Dominance. This negative effect is strongest when Partisan Dominance is low and weakens as Partisan Dominance increases.



Partisan Dominance x Autonomy

- *Partisan Dominance* is associated with higher *Reported Corruption*, but only when agencies have fewer political employees overall (high *Autonomy*).
- Having fewer political employees (greater *Autonomy*) decreases *Reported Corruption,* but a strongly dominant party weakens that effect.

Key Findings 1: Core variables and Reported Corruption

Low capacity, low autonomy, and high partisan dominance are each associated with higher levels of corruption and are statistically significant.

Table 2: Effect of Core Independent Variables on Reported Corruption

	(1)	(2)	(3)	(4)
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Leadership Turnover	0.81	0.45	−0.04	0.14
	(0.83)	(0.81)	(0.78)	(0.77)
Theta	0.30***	0.32***	0.36***	0.38***
	(0.05)	(0.06)	(0.07)	(0.07)
N	91	91	91	91
AIC	467.54	462.61	456.57	455.95
BIC	527.81	522.87	516.83	536.30
$\log L$	−209.77	−207.30	−204.28	−195.97

Standard errors in parentheses

† significant at $p < .10$; *$p < .05$; **$p < .01$; ***$p < .001$

The Model

Let i=1,…, n index agencies and j=1,…, m index the state capacity indictors (i.e. A1-C3). The equation and prior take the form:

$$\mu_{ij} = \gamma_{j0} + \gamma_{j1} * x_i$$

$$\gamma_{ij} \sim N(\mu_{ij}, \sigma^2)$$

$$x^*_i \sim N(0,1)$$

$$\gamma_{j0}\ \gamma_{j1} \sim N(0,100)$$

$$\sigma \sim U(0,100)$$

where x_i is the latent level of agency capacity in agency i and γ_{ij} is the i-th agency's score on indicator j. We specify vague priors for γ_{j0} and γ_{j1}, to reflect the absence of prior information about these indicators. Following Gelman's (2006) recommendation, we put a uniform prior on the standard deviation over a large range, 0-100. Further, in order to estimate this model and to prevent shifts in location and scale for the latent traits, we constrain x_i to have mean zero and a variance of 1.