# Public service reform

In the United States, the Pendleton Civil Service Reform Act of 1883 sought to abolish the spoils system then at work in the federal government. To this end, it established a meritocratic public service, governed by rules that restricted politicians' power over their administrative agents (Horn 1995). Implementation of these rules took a long time; a half-century later, about 75 percent of public servants were subject to them (Grindle 2012, 1). Fast-forward to April 2003 when Mexico's president, Vincente Fox, signed into law the Professional Career Service (Servicio Profesional de Carrera, SPC), which set up meritocratic rules for middle- and high-level positions in the federal public administration. As of early 2015, only a tiny fraction (1.8 percent) of all federal public servants were part of the SPC (World Bank 2016).

Public services have yielded to reformers, but only slowly and incrementally. Change has been messy and nonlinear—new color added to an old painting, not a fresh canvas. This pattern holds regardless of the direction or objectives of change—whether reformers were fighting against patronage[1] and for a meritocratic, (politically) neutral, and stable Weberian-style career public service[2] (Weber 1956), or hoping to make rule-bound bureaucracies more responsive and performance-oriented, such as during the New Public Management (NPM) movement in the 1980s. Why has it been so difficult to change institutional logics within the public service? What does this imply for reformers' strategies?

## A case in point: Mexico's Professional Career Service

Mexico's SPC law of 2003 was a historical milestone, passed at a moment of opportunity after the National Action Party (Partido Acción Nacional, PAN) won the presidency.[3] It aimed to put an end to the spoils system of the Institutional Revolutionary Party (Partido Revolucionario Institucional, PRI), in place for over 70 years, by establishing meritocratic rules for middle- and senior-level management positions. Patronage had served the PRI well: the prospect of landing a public job mobilized citizens for its electoral campaigns, and the system permitted it to deliver on presidential agendas, recruiting both expertise and loyalty while co-opting dissenters.

A context of growing electoral competition, and thus a growing risk of losing power, enabled cross-party support for adoption of the SPC by Mexico's Congress. The law had been conceived by an elite coalition of presidential advisers, academics, and legislators. Legislators from all major parties supported the SPC law.

Implementation of the SPC encountered resistance, however, and was rapidly subverted. The initial challenges did not assuage the critics: it often took months to fill vacant positions under the new recruitment processes. Managers, accustomed to the flexibility afforded by patronage, felt overly constrained and unable to build their own teams. Ministries, departments, and agencies (MDAs) bypassed the SPC law by appointing large numbers of staff to temporary positions and advisory roles. In 2007 new regulations gave the MDAs autonomy to run the SPC recruitment process themselves, which the Ministry of Public

Service (MoPS) had originally conducted centrally. Today, the SPC remains alive. In early 2015 it covered about 79 percent of the positions that it should cover under the law (World Bank 2016). But challenges persist. For example, the MDAs continue to exploit a loophole in the SPC legislation (Article 34[4]) to bypass its competitive process. In 2014 about 45 percent of all SPC appointees entered through this loophole.

## Adverse politics

As in Mexico, reformers have frequently capitalized on moments of crisis or political change to advocate for enacting new public service legislation (Grindle 2012, 256). In Mexico, the opportunity was presented by the increasing party competition. In the United States, the Pendleton Act was passed only after President James Garfield was assassinated by an infuriated benefactor of the spoils system,[5] although voters' discontent with politicians buying and selling offices had been growing beforehand (Wilson 1989, 239). Advocates of meritocratic reform have depended on such rare windows of opportunity because the balance of power has often been skewed against it, facing opposition from powerful veto players.

Patronage—or deals-based—systems have served political elites and their constituents well in many ways. Patronage, employed rightly, can drive government performance. It can enable political principals to pick the most able and loyal candidate for the job. But it can also serve to reward constituents with public jobs, helping politicians survive in office (as in Mexico before 2000), especially when a politician's base is narrow (see chapter 6). As Robinson and Verdier (2013) argue, the promise of revocable public jobs is a politically attractive form of clientelistic transfer because it ensures mutual commitment. Politicians can easily fire disloyal constituents, and constituents can easily observe whether they receive the promised jobs in return for votes. Short electoral cycles also favor clientelism. A public job is an immediate and secure reward for constituents, whereas political investments in meritocratic principles may translate into better services only in the distant—and uncertain—future.

Meritocratic reforms have had to be politically constructed because they require collective action (Schneider 1999; Grindle 2012). They have rarely figured prominently in electoral platforms because they benefit a dispersed and disorganized broad electorate (Schneider 1999). Meanwhile, reform opponents—political and public service elites and civil servants themselves—tend to be powerful veto players, concentrated and well organized. Within elite circles, legislators must commit to tying their own hands and giving up patronage. This is more credible when electoral competition makes future changes in power likely, such as after Mexico's 2000 election (Geddes 1994). In this case, meritocracy can serve as insurance that partisans will retain their jobs (see chapter 7). Meritocracy can also help politicians credibly commit to policies beyond their own time in office. President Franklin Roosevelt, for example, expanded merit protection to his liberal appointees out of fear that his New Deal policies might not outlast his administration (Horn 1995, 103).

Programmatic political parties can help overcome these collective action problems by disciplining legislators to act collectively in their party's interest (chapter 8), as, for example, in Mexico. Statistical analysis of over 160 World Bank civil service reform projects around the world supports these findings. Cruz and Keefer (2015) find that these projects on average performed better where programmatic political parties were present.[6] Concentrated decision-making power can also help.[7] Several states with centralized power, ranging from Prussia to Rwanda, have employed concentrated power to enforce meritocratic reforms.

## Reinterpreting ambiguous rules

Even when new public service rules are adopted, notoriously vast gaps between paper and practice tend to persist. In Mexico, much of the battle over the SPC was fought over the (re)interpretation of the new rules after they had been signed into law. Public service rules are vulnerable to such "political skirmishing" (Mahoney and Thelen 2009, 12) because they are ambiguous (compared with, for example, a change in tax rates) and because of principal-agent problems (Schneider 1999).

Public servants—the very agents asked to implement the new rules—may be reluctant to follow them because they do not reflect the social norms (and beliefs) that shape their identities—that is, the prevailing informal institutions. Identities can be slow to adapt, despite changes in formal rules. In Austria, for example, about a decade after the adoption of NPM-style reforms, 58 percent of surveyed officials continued to identify themselves as "servants of the state," consistent with long-standing bureaucratic-legalistic (*Rechtsstaat*) virtues rather than managerial ones (Meyer and Hammerschmid 2006).

Not least, political principals themselves may seek to only partially implement reforms in a hunt for

legitimacy rather than performance (DiMaggio and Powell 1983). Moynihan (2006), for example, documents that U.S. states only partially adopted performance management reforms in the 1990s. Managers were held to account more tightly for results, which were politically attractive to announce. But in the face of union resistance, among other factors, many states failed, in return, to give managers more discretion over their staff.

## Implications for public service reform strategies

In summary, public service reform paths have been nonlinear and messy because reform initiatives often face adversity and because new rules risk being subverted in practice. What does this imply for reform strategies?

Above all, realistic public service paths and strategies depend on context. Paths vary because of distinct points of departure. Historical legacies—beyond political institutions—have limited the room in which reformers can maneuver. Pollitt and Bouckaert (2011, 94), for example, highlight how administrative traditions persist. Countries in the *Rechtsstaat* or Napoleonic tradition,[8] such as Austria, Germany, and France, have been much more cautious in dismantling a unified public service and assimilating it with private sector employment than their Anglo-Saxon "public interest" peers. China's unique cadre management system has successfully married long-standing norms of loyalty to the Communist Party of China (CPC) with meritocratic recruitment and cadres' accountability for achieving performance targets far from the apolitical Weberian model (Rothstein 2015).

Realistic reform strategies also need to balance competing and evolving objectives. In member countries of the Organisation for Economic Co-operation and Development (OECD), problem definitions have shifted from containing patronage through meritocratic reforms in the 19th century, to ensuring equal access and treatment in the 1950s, to increasing responsiveness in the 1970s (and performance in the 1990s), as reflected in the NPM movement (Blum and Manning 2009). Postconflict settings perhaps most starkly illustrate competing ends: discretion over public jobs may be the price for peace, trumping all concerns over merit. South Sudan's Comprehensive Peace Agreement (CPA) of 2005, for example, provided its 10 states with vast discretion over recruiting public servants to hold a fragile coalition of formerly warring tribes together and prevent them from reverting

to violence (Blum, Ferreiro-Rodriguez, and Srivastava 2016).

Skillfully bundling public service reforms with other policies can help mobilize a broader electorate beyond a small elite of reformers (Schneider and Heredia 2003, 18). Reformers in Argentina and Brazil, for example, framed administrative reforms as essential to making popular stabilization programs viable (Schneider 1999). Such bundling may, however, come at the price of tying the longer-term prospects of public service reform to the "fortunes of the larger agenda" (Schneider 1999).

Especially where political cohesion is weak, selective and asymmetric reform strategies can reduce resistance, seeking to build "islands of effectiveness" in selected agencies. Indonesia's Bureaucracy Reform, for example, successfully increased pay and accountability for performance in a few priority agencies, and it was later gradually rolled out to others (World Bank 2014). In Afghanistan in 2003, reformers adopted an asymmetric reform approach to rebuilding the administration, recognizing that political divisions made comprehensive administrative reforms impossible (Hakimi and others 2004, 11). Yet, selective strategies are risky and no panacea. They can entail generalization pressures, as in Afghanistan (Blum, Ferreiro-Rodriguez, and Srivastava 2016); interagency competition for skills, as in Brazil (Shepherd 2003); or well-paid jobs becoming the target of political patronage, as in Uganda's Revenue Authority (Robinson 2007).

Not least, the process of formulating ideas for reform matters. Where leaders frequently engage with stakeholders—especially public servants—in defining problems and solutions, public servants may be more prepared to accept and identify with new rules (Andrews 2013). New research corroborates the promise of influencing employees' beliefs and organizations' cultures, short of changing formal practices. In a quasi-experimental study, Blader and others (2015) show that merely introducing drivers of a U.S. trucking company to "lean management ideas" that emphasize continual improvement through teamwork and collective responsibility is associated with higher employee engagement and, in turn, better driving performance. Understanding how public servants' identities matter and change remains a promising field for future empirical research.

## Notes

1. Following Reid and Kurth (1988), *patronage* is defined here as the power to hire and fire an employee at will.
2. The key feature of a meritocratic civil service is that it restricts politicians' power over their administrative

agents. Meritocracy is understood here as broadly comprising a variety of forms. In the narrow Weberian sense, it refers to a career-based public service, with entry through competitive exams, and government by principles of political neutrality.

3. The argument in this spotlight and the opening example draw strongly on Grindle (2012).

4. Article 34 of the Law of the Professional Career Service establishes that in exceptional cases and in cases of public emergencies the ministers or the chief administrative officers may authorize the appointment of a public servant to a career position without the need for an open competition and on a temporary basis (OECD 2011, 195). These exceptions are only vaguely defined.

5. Reform required a political crisis triggered by the assassination of Garfield by Charles Guiteau, who killed the president in an act of revenge when Garfield refused to appoint him as the U.S. ambassador to France.

6. Project performance is measured based on the Independent Evaluation Group's project outcome ratings. These ratings are meant to assess the extent to which "there were . . . shortcomings in the operation's achievement of its objectives, in its efficiency or in its relevance" on a six-point ordinal scale, ranging from "highly satisfactory" to "highly unsatisfactory" (World Bank 2005, 1). It is important to note that these ratings have very large caveats. Among others, they are corporate measures of project performance, not of government performance; they suffer from endogeneity bias (as objectives are project-specific); and they inevitably contain elements of subjectivity.

7. Besides concentration of power and programmatic political parties, the literature highlights many contextual factors that can influence public service reforms, including the degree of fusion between bureaucrats and politicians (Schneider and Heredia 2003) and the prior influence of class elites in the public service (Grindle 2012). See Pollitt and Bouckaert (2011) for a comprehensive discussion of NPM reforms.

8. From the *Rechtsstaat* perspective, the state is a central integrating force within society, and its central concern is with the preparation and enforcement of laws. By contrast, the public interest model "accords the state a less extensive or dominant role within society" and government is regarded as "something of a necessary evil" (Pollitt and Bouckaert 2011, 62).

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