

BUREAUCRATIC APPOINTMENTS IN ARGENTINA

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Studying the appointment process is essential for understanding the way modern bureaucracies interrelate with politics. In Latin America, bureaucracies have traditionally operated more as arms of the elected officials rather than as professionals who are autonomous from the political process. In this dissertation, I explain that this politicization and its effects are defined by the process by which bureaucrats are appointed.

The power to appoint bureaucrats is one of the president's most important powers and is vital to the latter's administrative power and policy influence. Given its importance, this dissertation explores the dynamics of presidential appointments to the bureaucracy by analyzing a database of more than thirty thousand presidential decrees and determining when the president decides to appoint an individual to a position (Minister, Deputy Minister, Secretary, Undersecretary or lower echelons). Exploring, describing and explaining how the President utilizes this political tool is a fascinating way of grasping how executives build political support in Argentina.

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1.0 INTRODUCTION

In early 1918, during a conference on the political choices that postwar Germany faced, Max Weber famously described the powerful historical trends that, he argued, would characterize modern politics: the emergence of modern bureaucracy and the technically trained, professional career administrators that staff it. The twentieth century, Weber argued, was to be the century of the professional state bureaucrat.

Weber was right. Modern governments are bureaucratic. Citizens interact with bureaucracy on a daily basis. The relationship between citizens and the State is carried out through bureaucratic channels. Indeed, modern complex societies are governed by public bureaucracies' staffed largely permanent civil servants who are responsible of the vast majority of policy initiatives taken by governments. In fact, we often interact more with the public structure (by paying taxes or going to the Post Office) rather than with the three formal branches of Government. In other words, bureaucracy is an unavoidable interface and we live under the government of officials. It is essential that we take a deep look at the way this main player of modern democracies works.

And yet, the public bureaucracy has not received a lot of attention by political scientists working on Latin America's current politics.¹ This is not the result of the bureaucracy being concerned only with administration while politicians make decisions. This "ideal type" consisting of administrations and politics completely separated (espoused, among others, by Woodrow Wilson) is unsustainable and unlikely that ever existed. As Weber himself stated, "every problem, no matter how technical it might seem, can assume political significance and its solution can be decisively influenced by political considerations" (quoted in Aberbach, Putnam and Rockman 1981: 5). The distinction between policy and administration is also blurred in Argentina (and, for that matter, Latin America).

The oblivious state of the bureaucracy in Latin America is probably the result of scholarly research concentrating on other relevant political actors, such as Executives and Legislatures, and, more recently, the Judiciary. In addition, bureaucracy lacks a clear focus for analysis (Moe 1984). Judges rule, legislators approve bills and hold committee meetings, presidents send bills to Congress, veto laws and appoint judges. It is not clear what bureaucracy does. As a result of all this, bureaucracy became "the secret garden" of politics, and this was even truer in Latin American politics. There have been many studies that concentrate on state capacities and public policies in this respect. But there has not been enough attention to the standing of the public bureaucracy as

¹ In the past, the only exceptions were studies that emphasized the State's autonomy, embedded in the Modernization Theory mindset (Geddes 1990; O' Donnell 1973; Schneider 1991) where the central question is if the State can be autonomous from other societal forces. Since the Latin American transitions, there has been a lot of attention to questions of state reform, where the focus was on the dynamics of state retrenchment (Haggard and Kaufman 1992; Nelson 1990). More recently, some in-depth studies explore the formation of individual agencies (Bohoslavsky and Soprano 2010). Technocracy has received some attention too (Centeno and Silva 1998).

a political actor. This project aims at partially filling this lacuna for the Argentine case by examining the relationship between the Presidency and the bureaucracy. I show that the bureaucracy works as an arena of coalition building and that presidents appoint individuals to the national public administration as means of political survival.

In other words, the presidential appointments in the upper levels of the bureaucracy can be explained by the need of support building by presidents, and therefore responds to the temporal dynamic of the presidential term (appointments increase rapidly as soon as a new individual takes office) and of political coalition making (appointments increase when the president lacks legislative support or does not lead its own party in a context of increased party des-nationalization). I explore the dynamics of appointments in the national public administration, which includes all appointments that depend on the executive branch (all ministries, autonomous agencies and regulatory bodies but not appointments in the legislative and judicial branches nor at sub-national bureaucracies and public universities). I am interested in *politicization*: the political uses of the bureaucracy.

In short, I am concerned with *why* and *when* politicization occurs. I also explore *where* politicization occurs. These questions are answered quantitatively. Although I am not able to determine broadly and conclusively to *what* effect, I also provide a qualitative assessment of the effects of politicization in one specific agency, the *Administración Federal de Ingresos Públicos* (AFIP), Argentina's tax collection agency.

1.1 WHY STUDY APPOINTMENTS?

Studying appointments is essential to understanding the way modern bureaucracies interrelate with politics. Despite what some scholars desired, tracing the line between politics and administration is impossible, and therefore politicization is a perennial aspect of contemporary politics. In the American politics realm there is a persistent claim that bureaucracies are politicized. This means, at the very least, that agencies now need to pay attention to political concerns and that are required to be compatible with given partisan preferences (Peters and Pierre 2004: 1). In Latin America, where bureaucracies have a shorter (or non-existent) tradition of bureaucratic autonomy, politicization more often than not implies deeper situation of dominance to political masters.

In addition, appointments are one of the president's most important powers and vital to the latter's way of controlling the bureaucracy (Lewis 2008; 2011), possibly one of the most significant ways by which bureaucratic autonomy is impeded and a significant way by which the president tries to influence policy. This holds for all separation of powers systems. This dissertation explores the dynamics of presidential appointments in the bureaucracy by analyzing a database of more than thirty thousand presidential decrees and determining when the president decides to appoint an individual to a position (Minister, Deputy Minister, Secretary, Undersecretary or lower echelons).

This concern with presidential appointment decrees is pertinent in Argentina as the Constitution mandates that the President is the head of the national public administration. Consequently, the president is the major player regarding bureaucratic staffing, appointing top level positions in all areas and thus indirectly controlling nominations at lower levels as well.

Formally, political appointments extend to the third level in ministries (and to the second level in secretariats) and to the advisers of these people. As explained in the next chapter, Congress does not participate in nomination and removal of cabinet ministers nor the Chief of Cabinet² or any Secretaries and Undersecretaries under the president's scope. The Senate has to consent to appointments to the Supreme Court, political ambassadors (but not career ambassadors) and the chiefs of the armed forces. Although decentralized agencies (such as the Central Bank, the National Bank or the tax collection agency) and public-owned companies (for instance the National Television Corporation) are not under direct authority of the president (and are under minister or state secretaries jurisdiction) and therefore the president should not be able to remove personnel arbitrarily, the president usually appoints directors, presidents and board members in all these institutions when she considers fit to do so (Scherlis 2009: 127) and no appointee will go there if the president does not want it to. At best, the president delegates the decision to his ministers but she has the final word in all cases. This situation stands in opposition to the politics of appointments in other Latin American countries. In Chile and Uruguay, for instance, powerful party organizations have a say in the appointments.

Exploring, describing and explaining how the President utilizes this political tool is a fascinating way of grasping how Executives build political support in Argentina.

² The Congress has, however, authority to remove the Chief of Cabinet. See De Riz and Sabsay (1998).

1.2 WHAT DETERMINES APPOINTMENTS? THE ARGUMENT

The presidential term determines the timing of appointments: appointments increase substantially as soon as the president takes office. However, this dissertation shows that the president is more limited by a governmental and organizational dynamic when deciding when to appoint than by the calendar. Previous accounts (Scherlis 2009: 134) suggest that the given the personalization of presidential power and the “delegative” nature of Argentine democracy (O’ Donnell 1994), presidents are completely autonomous in their decision to appoint. As I will show here, governmental/inter-party and organizational/intra-party dynamics are at play and limit the president. More specifically, the president in Argentina indeed is the main player when deciding appointments, but she is limited by the need to garner support from opposition parties, in an European-style coalition making fashion (governmental/inter-party dynamic); while also having to keep together a loosely institutionalized party (organizational/intra-party dynamic).

Therefore, this work suggests that the presidential term *does* determines the timing of appointments: appointments increase substantially as soon as the president takes office, similarly to a “spoils system” as the one in place in the United States during the Jacksonian period and until the Pendleton Act. However, this is not the main explanation for appointments. The need for legislative support in Congress and the need to hold together nationalized parties are by far more important reasons.

This dissertation contributes to the existing literature on the relationship between bureaucracy and politics. Scherlis (2009) studied where do appointments go based on qualitative evidence. I go a step further and explore the “when”: the political dynamics of politicization. In

order to do so I adopt a cross-time comparison within Argentina. I analyze a fifteen year period to explore the explanations for political appointments in the bureaucracy. However, I do not consider the policy implications of appointments. Previous studies on bureaucratic politics in Latin America were concerned on how politicians made the bureaucracy align with the former interests. This perspective is a variant of the principal-agent models developed for bureaucratic politics on the United States.

1.3 THIS STUDY AND THE BUREAUCRACY LITERATURE

This research is novel in its approach to study bureaucracies in Argentina. The political science literature on the public bureaucracy is roughly divided onto two periods. The first wave of studies were interested on the sociological traits of the bureaucracy; their social background and political culture. This first period was influenced by Weberian concerns on the accountability problems that an elitist body ruling society might imply.

In parallel, the Simon- March behavioral tradition of organizational analysis emphasizes bounded rationality, adaptation, and dynamic process (Moe 1985b: 1097). Moreover, the general literature on bureaucracy has long emphasized that public agencies are shaped by a variety of political, economic, and organizational factors, and that they are anchored in complex systems of relationships. The classic notion of the "iron triangle" is just one familiar by-product of this general perspective on bureaucracy, but it illustrates the point well: the behavior of a typical agency within the triangle is influenced by politicians and constituency groups as well as the agency's internal characteristics, and bureaucratic outcomes are generated by the whole set of relationships based on mutual benefit.

A second period adopted a "political control of the bureaucracy" perspective. The latter adopted the social choice toolkit. Indeed, the latter approach provided the analytical base for an explosion of bureaucratic research. Niskanen's (1975) work was probably the first study that provided a thorough theoretical base (but see also Allison 1971 and Schick 1976). Although Niskanen was also interested on the size of government, he innovated by assuming that bureaucrats want to maximize their budget. This simple proposition gave bureaucrats a utility function; which in turn allowed formal modeling of preferences and therefore laid the ground for the sophisticated models that included a bureaucrat and a legislator who discuss the budget. At its turn, the latter paved the way for the "principal-agent" studies on the bureaucracy (McCubbins, Noll and Weingast 1987). In this perspective, appointments are a way of enhancing the alignment of the public bureaucracy to the president's desired course of action (Moe 1985a). A key component of this perspective is the information asymmetry and principal-agent interaction between politics and bureaucrats (Gailmard and Patty 2012) and the problems of hierarchy and delegation that ensure. Formal modeling burgeoned in this sub-field. Useful as they are, however, formal models tend to

be dyadic, focusing on a bureau's relationships with its constituency or Congress and ignoring the internal organization altogether. Under this principal agent perspective, the bureaucracy is not used to bolster party organization nor reward party members; or at least these are not the main reasons behind appointments as previous research suggested (Brown 1982). Lewis (2007; 2008) has somewhat rediscovered the patronage uses of bureaucracy although he agrees that appointments as rewards have declined. The principal-agent framework is the background of this research (Horn 1995; Kiewiet and McCubbins 1991).

I do not adopt any of these explanations here. The reason for this decision is that the institutional environment in Argentina does not permit the “political control/information asymmetry” interaction to develop. For reasons I will explain in the next chapter, the Argentine bureaucracy is not as strong, meritocratic and professionalized as in the United States context where these explanations emerged (Scartascini, Stein and Tommasi 2010). On the contrary, Argentine’s bureaucracy is widely considered weak and easily politicized. Therefore, a “principal-agent” relationship with the delegation challenges associated to it (Huber 2000; Huber and Shipan 2002) never really developed as the “principal” did not have to worry on any information the “agent” could be keeping for it,³ as the agent is not very professionalized and can be easy politicized.

³ There are some “efficiency pockets” within the Argentine bureaucracy where this type of analysis could be fruitful, however. More research is needed in this topic.

1.4 THE IMPORTANCE OF THIS STUDY

I believe that this project has normative importance. I concur with authors that underscore that the development of a competent bureaucratic body not captured by particularistic interests is crucial to enhance the capacities of the state apparatus (Geddes 1990; Evans 1995), what this authors label as “state autonomy”. Regarding developing countries, this line of research argues that a professionalized bureaucracy preserves the resources and commitments needed to boost durable economic development. It does so by enhancing expertise, maximizing the efficient allocation of scarce resources and commitment to long term goals (Geddes 1990: 218). Although infused with the structural academic language of the seventies and eighties, I believe that these normative assumptions hold true. This is relevant in Latin America nowadays as permanent development is still for the most part evasive in the region. In addition, remembering these basic tenets is pertinent as some countries experienced with “new public management”-style reforms before guaranteeing a basic autonomous and Weberian bureaucracy.

More recently, it has been shown that Argentina has a very unstable pattern of public policies (Bambaci, Spiller and Tommasi 2009; Tommasi 2010), a fact that has much to do with the bureaucracy being weak and unable to perform its role as safeguard against arbitrary actions and opportunistic policies taken by the executive without any institutional limit (see also Scartascini; Stein and Tommasi 2010).

For all the reasons mentioned, understanding the ways the bureaucracy interacts with elected politicians is central. This is the reason for the existence of this project.

1.5 PLAN OF ATTACK

Chapter two lays out theoretical reasons for why, given the institutional settings that operate in the country, continued politicization of the Argentine bureaucracy by the Executive should be expected. Chapter three summarizes the literature on bureaucratic appointments developed by the United States scholarship, and alternatively, presents a series of explanations for the occurrence of appointments in Argentina. Chapter four presents qualitative evidence on politicization at one selected agency: Argentina's tax collection agency. It shows how a previously politicized agency turned to an autonomous one and how that affected performance in some ways. Although results presented here are not generalizable, it sheds light on the troublesome relationship between politicization and performance and at a minimum suggests that studying politicization is important. Next, chapter five presents a first descriptive look at politicization in Argentina. Chapter six develops testable hypotheses from the explanations suggested in chapter three and proceeds to test them empirically. A final chapter concludes by summarizing my findings, stating the limits and shortcomings of this enterprise and suggesting avenues for future research.

2.0 WHY PRESIDENTS POLITICIZE THE BUREAUCRACY IN ARGENTINA

2.1 INTRODUCTION

In early 2007, the Argentine National Statistics and Census Bureau (INDEC, after its Spanish initials) was *de facto* put under governmental control. This prompted the resignation of its senior staff, replaced by officials close to the administration and loyal to the Executive. From then onwards, INDEC employees reported an increasingly hostile labor climate, including threats to those questioning the policies the new managers imposed upon the agency. According to complaints filed by the employees and reported by the media, the new management introduced changes to the Consumer Price Index to hid increasing inflation rates. According to these reports, thugs following governmental orders imposed a strong and authoritarian rule within INDEC.

Although the violent methods used in INDEC are uncommon, the underlying situation is. Despite Max Weber's assertion that within a given political system the position of the bureaucracy is always overpowering, in Argentina things are somewhat different. In that country, political masters have found the way of avoiding a working equilibrium between politics and

administration. Why can the Argentine Executive often use the public bureaucracy to fulfill political needs (such as building support coalitions?) This is the question that this chapter explores.

The answer provided here suggests that the increasing influence of politics upon bureaucracy is the result of rational actors and a specific institutional setting that allows this⁴. As it happens in many political situations, this is an example of the logical inconsistency between the self-interest of rulers and societal efficiency (Miller 2000: 292). In Argentina, a principal (the Executive) has immediate and concentrated electoral interests lacks institutional restrictions preventing him or her from politicizing the bureaucracy, which, in turn, provides immediate rewards. Profits obtained through Executive action reward these interventions in the short term, notwithstanding the long term negative consequences over bureaucratic performance. The president has few (if any) veto points that will preclude him of politicizing the bureaucracy. Competitive political systems with feeble bureaucracies generate a vicious circle of politicians that distrust existing servants and therefore appoint their own, and as a result allowing for the continuation of the cycle. While executive authority is certainly an advantageous attribute in a separation of powers system as the legislature is not designed to handle crises and pressures from the political system, a disproportionate amount is not conducive for responsible behavior because it lowers executives' transaction costs to make policies that are compatible with their short-term electoral incentives at the expense of long-term prudence (Krause and Cohen 2000; Moe and Howell 1999).

My explanation of the dynamics of bureaucratic politics in Argentina is oriented by a framework in which all participants are assumed to be rational and self-interested (with self-

⁴ Schneider (1994) also contends that politicization of the bureaucracy is rational given an uncertain environment.

interest broadly construed). I prefer to call it a framework rather than a model because I will be making only the most general assumptions about how these actors are motivated and interact with one another. My purpose is to impose a coherent structure on the political context, one that highlights basic relationships and the underlying flow of causality without adopting positions on specific substantive issues that, at this point, are matters of legitimate debate.

The disagreement between elected officials and bureaucrats is not new nor only an Argentine or Latin American issue. The conflict between politics and administration goes back to Montesquieu, and Alexis de Tocqueville and Max Weber reflected largely on the issue. The latter famously described the tensions between politics and the “bureaucratic tendencies” of society (Weber 1946: 222), and the problems of a non-elected, elitist body in charge of significant aspects of everyday life. Almost in all countries, pressures exist to divert bureaucratic resources and therefore undermine capacity. Politicians face the temptation to exchange jobs and money for political support (Geddes 1990: 219). In addition, politicians face the double edged sword of bureaucratic politics: they need to control bureaucratic behavior (as bureaucrats can act against elected representatives desires) while at the same time depend on their technical expertise. The political science literature exploring this principal-agent tension is vast, anything like a comprehensive survey of this topic is impossible here (see for a start Brehm and Gates 1993; Moe 1982; 1985; Peters 1981; Weingast 1984; Weingast and Moran 1983; Wood 1988; 1990; Wood and Waterman 1991). This literature has explored the relationship, and the determinants of political control of the bureaucracy.

But the basic tenets of this literature do not apply to Argentina. Here, this tension has been resolved in the worst possible way: maintaining a politicized bureaucracy that despite the fact that it contains some islands of excellence remains short of a meritocratic and technically competent

body. One of the central aspects of this situation is the President's dominance over the bureaucracy as a principal with no interest in the development of its technical capacities. The strong and long term principal-agent relationship does not develop.

In other contexts, such as the United States, things are different. Presidents also aspire to control the bureaucracy and chief executives are endowed with certain unique structural advantages to take unilateral action that can enable them to serve as the dominant political principal to administrative agencies in the short run (Krause 2009: 85). But in the United States there is a strong and long-term principal-agent relationship between Congress (not only the president) and bureaucracy (Bendor, Taylor and Van Gaalen 1985; Krause 1996; Miller 2005; Miller and Moe 1983; Miller and Whitford 2002, 2006; Stephenson 2007), despite the fact that the president has preeminence over appointing personnel (McCarty 2004). In the United States, bureaucracies are "created, empowered and funded by the legislature; they owe their very existence to Congress" (Carpenter 2001: 16). A professional and institutionalized Congress with diffuse electoral interests' acts as principal of autonomous and professional agents, granting them wide authority, while at the same time it is also eager to exert strong control in case its performance leaves much to be desired. In fact, the United States Congress is better equipped to exercise control over the bureaucracy than the Presidency (Krause 2009: 80) and indeed both the legislature and the executive are at equilibrium in their control of the bureaucracy (Hammond and Knott 1996: 162), sometimes departing from this equilibrium but invariably returning to it. In short, control of the bureaucracy is a function of the *interactions* of the president and Congress (Hammond and Knott 1996: 163).

Not only does the bureaucracy in the United States have two political masters (Peters 2004: 127), but also these masters have powers that they can use to control the former. The executive is

obviously a major political force. In addition, the United States Congress has plentiful resources at its disposal for controlling the bureaucracy: it delegates more or less discretion according to the legislative actor's wishes (Bawm 1995: 63; Epstein and O'Halloran 1999) or the party occupying the White House (Epstein and O' Halloran 1996; Volden 2002); confirms executive proposals for appointments (McCarty 2004; McCarty and Razaghian 1999; Nokken and Sala 2000); it might also write detailed statutes (Huber and Shipan 2002; Huber, Shipan and Pfahler 2001; Potoski and Woods 2001; Shipan 2004) or other administrative procedures (Balla 1998), empower interest groups or different actors within given agencies (Bawm 1995) and interact with the public bureaucracy within the margins of this "iron triangle" (Moe 1985b), determines deadlines and penalties for poor performance (McCubbins and Schwartz 1984; Miller and Whitford 2002), assigns and/or duplicates tasks so as to maximize achieving specific goals (Krause and Douglas 2006; Ting 2002; 2003) or embarks of agency reorganization (Hammond 1986; Hammond and Thomas 1989; March and Olsen 1983) and/or decentralization (Whitford 2002), it can create congressional committees with specific oversight competences (Clinton, Lewis and Selin 2014) and can force agencies to use the rulemaking process for policy changes, alters budgets (Carpenter 1996; Macdonald 2010) or other financial instruments such as grants, contracts (Bertelli and Grose 2009) or monetary incentives (Miller and Whitford 2002) and conducts oversight investigations and hearings (Epstein and O' Halloran 1999; Kiewiet and McCubbins 1991; McCubbins, Noll and Weingast 1987; 1989). At least from the bureaucracy's perspective, these strategies are usually successful (Furlong 1998; Wood and Waterman 1991) although inefficient in its use of resources (Gailmard 2009; Miller and Whitford 2006). Even the judiciary (Canes-Wrone 2003) and local partisan activities (Scholz, Twombly and Headrick 1991) can achieve a say in bureaucratic performance. Of course, Congress is not alone and usually embarks in tug-of-war with the

Executive in which there is no clear winner (Berry and Gersen 2010; Epstein and O' Halloran 1996; Hammond and Knott 1996; Volden 2002; Whitford 2005). None of this happens in Argentina.

The explanation I propose for this is that rational political actors cannot engage themselves in long term decisions (the operation of bureaucracy) about matters not immediately attractive (because strengthening the bureaucracy does not reap immediate electoral results). Moreover, transaction costs are very high for Congress to oversee the bureaucracy, and it is likely that Congress prefers the politicization outcome. In addition, voters do not penalize the electoral use of bureaucracy and therefore there are not constituency pressures for an autonomous bureaucracy. Finally, the dynamics between government and opposition do not favor strong compromises in favor of an autonomous bureaucracy. I compare the situation on Argentina with the United States case. Fiorina contended that in the latter case, "Congress has the power but not the incentives for coordinated control of the bureaucracy while the president has the incentive but not the power" (Fiorina 1981: 335). In Argentina things are somewhat different: Congress does not have the power nor incentives to control the bureaucracy, while the president has the incentive and the power to control, and does so. Indeed an awful combination for the bureaucracy's autonomy and professionalization, as "control" in less developed context implies intervention. The discussion here might seem rather abstract and premises overly simple to some readers, but simplicity may be a source of the explanation's power.

I believe this is important as I share the normative starting point proposed by the classic Weberian conception that suggests that lack of autonomy by bureaucratic agencies has a negative effect upon their performance. However, I shall not elaborate on this issue here. My purpose in this chapter is to analyze the institutional structure which allows the Argentine Executive to easily

politicize governmental agencies. The theoretical perspective developed here assumes that all political actors are rational, that institutions create incentives in favor of political actors and that individual rationality may generate sub-optimal collective results (as it often does).

2.2 THE EXECUTIVE BRANCH ROLE

This discretion is associated with a consistent maximizing behavior on the part of the President. Elected executives are unitary actors who suffer from the very ambition that Madison warned needed to be protected against through a system of checks and balances. The paradox is that this opportunistic behavior has perverse consequences. Executives possess incentives to engage in myopic policymaking arising from short-term pressures that they confront arising from limited tenures in office and also being held accountable for short-term economic and policy conditions. Therefore, concentrated executive powers can produce policies that may be beneficial in the short run (e.g., transitory economic expansion), yet are unsustainable over the long-run (e.g., excessive

fiscal spending growth). The ability to limit discretion in a convincing manner, however, (through a credible commitment) is not favored by the existing institutional framework. In Argentina, the bureaucracy is headed by an Executive enjoying concentrated incentive to maximize resources for the next election or remain in power. Therefore, the possibility to intervene in the operations of a bureaucratic agency by providing such resources is highly tempting. In addition, the President is popularly elected by a generation of voters who may not give weight to the welfare of future generations. Therefore, there is an electoral incentive and discretionary authority for the President to reinforce his power through bureaucratic interventions that will constitute a liability to any future President and future generations (Shepsle 1991). Although these incentives are identical both in Argentina and the United States (as both are separation of power systems), Argentine institutions allow the Executive to have its own way, because the President is the head of the public administration.

In other words, both the Argentine and US Presidents may commit to the following action plan over time $t=0$

$$X_t = (x_1, x_2, \dots, x_t, \dots, X_T) \quad (\text{Equation 1})$$

The central point of this chapter is that while in the United States it can be anticipated that the President will do x_t in a time t , and thus x_t is credible due to its compatibility with the existing incentives, this does not happen in Argentina. As there are no institutional restrictions to shape the Executive's conduct, it may commit to carry out the action plan described in $t=0$, but x_t will not be a credible commitment, due to the Executive's discretionary authority. The *a priori* incentives are incompatible with such commitment being honored. Inevitably, this will be breached in $t>0$. This is what it is called the *commitment problem* (Miller 2000: 298). Following Kydland and Prescott (1977), the discretionary exercise of authority is a consistently maximizing behavior. In Miller's

(2000: 313) words, "the problem is not for principals to impose their preferences on their agents, the problem is for principals to be restrained from undermining efficiency through their rent-seeking preferences". In the instant case, the socially desirable result is that the Executive does not interfere with bureaucracy for its personal benefit. But if at any one time the President is concerned with his own reelection and/or political survival, there will be no restrictions to use the significant resources that an agency subject to his or her authority may provide (be it AFIP, INDEC or any other). The president may have committed himself or herself not to interfere with bureaucratic agencies, but at any given time such interference is convenient, he or she will do that, because he or she is a rational agent. Even if the President would prefer, in the first place, the result "no electoral need to interfere; no bureaucratic interference"; in the second place "electoral need to interfere; interference" and, finally, "electoral need to interfere, no interference", the incentives will entice him to always select the second alternative. We assume that x_t is "non-interference with bureaucracy in moment t " and that y_t is "bureaucratic interference when electorally convenient". If the Administration would commit itself, in a credible manner, to carry out (x_1, x_2, \dots, x_t) , then it could reach the social optimal in every period. But it cannot subject itself to such a plan; thus, if in a moment t the electoral needs are great, in $t+1$, x_{t+1} would cease being consistent. A government with discretion would choose y_{t+1} .

The above described situation can also be illustrated as a one-movement game ($t=1$) enjoying a single and inefficient Nash equilibrium. All players would be better off if they could

deprive themselves of their discretion to play their respective optimal strategies,⁵ but they have no credible commitment to do otherwise. In this sense, an undertaking not to interfere with bureaucracy (if any) may be inconsistent (incompatible with periodic maximization) and therefore unreal to an agent having discretionary authority.

This dilemma between commitment and discretion has been heavily discussed. It was analyzed by Elster (1979), who discusses the classical example of Ulysses tying himself up to his vessel's mast not to succumb to the sirens' temptation. A quarter of a century earlier, Schelling (1956) discussed the possibility of self-restraint to avoid any departure from the original commitment that an actor may make. Although Brennan and Buchanan (1985) discard the possibility that any actor may impose self-restraints, Elster and Schelling underscore the advantages of such an action: the healthy effect of a present commitment over future actions. But this course of action is a difficult one. As pointed out by Kydland and Prescott (1977, p. 481) "there are no mechanisms to induce future politicians to consider the effects of their policies, by way of expectations, over the present decisions of the agents".

In addition, Schelling suggests that external coercion may be a substitute for commitment, by delegating the decision to someone whose preferences are different from the Executive, in this particular example (Miller 2000: 299). The point of Schelling's analysis was that the usefulness of

⁵ Even if to the Administration the bureaucracy future performance were irrelevant (due to its transitory nature) it could be argued that the Administration would be better off if bureaucracy would operate better (which I assume happens when the President grants it autonomy).

the agent depends on the agent having preferences and pursuing goals that are quite different from those of the principal. In other words, someone has to tie the King's hands.⁶

In Argentina, this external coercion rarely originates from coalition partners as happens in Europe. Laver and Schofield (1990) discuss the chances for credible commitments reached among members of a governmental coalition at the time cabinet positions are negotiated. This often happens in Europe, where two or more party coalition governments are common. In Argentina cabinets are single-party, due to the fact that the government is not responsible to the legislature and therefore does not need a party majority supporting it (Linz, 1990; Lijphart 1994). In addition, political parties are not so strong to be the vehicles of credible commitment among politicians in Argentina. Therefore, the president is not required to negotiate with other parties to form a government, and does not need to reach future credible commitments with other actors.

As explained below, this external coercion in Argentina cannot originate in Congress either.⁷ This is a substantial difference with the United States.

⁶ Of course, the idea of placing conflictive interests against each other to neutralize them is the basic idea behind *The Federalist* 10.

⁷ Interestingly enough, Miller (2000: 316) argues that the civil service's role is precisely to provide beneficial shield for bureaucratic decision making, protecting it from political influence. The question remains: Who can perform this job if the bureaucracy is itself subject to political interference?

2.3 THE UNITED STATES AND ARGENTINE CONGRESSES

The main issue behind the preceding discussion is that institutional arrangements allow several agents to make credible commitments.⁸ A possible explanation to the vulnerability of the Argentine bureaucracy can be found in its institutional framework, meaning the rules restricting the agents' rational conduct. The Argentine institutional framework generates great returns out of the politicization of the bureaucratic system. Therefore, we must expect that the relevant political actors will adapt themselves to maximize those margins (North 1990). As discussed earlier, both the United States and Argentine presidents have incentives to politicize bureaucracy. But the capacity of the Argentine Congress to oversee the bureaucracy is limited but this is not the case of the United States Congress (Bambaci, Spiller and Tommasi 2009). For example, Congressional ability to impose limits to the Executive in its attempts to control bureaucratic agencies is reduced due to the institutional incapacity to generate adequate incentives. In other words, my position is

⁸ This is a key question in European economic history, full of examples of how kings had to provide undertakings to the capital markets in order to obtain war loans. According to Tilly (1991), those kings who could commit themselves in the most credible way due to the existence of institutions are those who were finally capable of building successful national states. The Middle Ages' capital markets are described by North and Thomas (1973). The breach of previously agreed commitments by Charles I and the subsequent English civil are set out in North and Weingast (1989) (Shepsle 1991). More generally, these are examples of instances of which the maximization of rents by those ruling the state was inimical to the interests of efficiency of the state, a phenomenon analogous to the process I am describing.

that the “arm of the future” (Shepsle 1991) plays a significant role in the institutional arrangement of the American legislators, but is non-existent in Argentina given the transient nature of legislators.

Game theory has explained the appearance of co operational patterns among actors when games repeat themselves over time (Axelrod 1984). In the US, the protracted stability of legislators in their seats generates incentives similar to those described by Axelrod, but to maintain the power of the group to which they belong. I will elaborate this issue further.

Legislatures are popularly elected by voters from a generation who may or may not give importance to the preferences of future generations.⁹ However, in the United States (contrary to what happens in Argentina) the legislature’s high stability implies the existence of an interest by the actors in the body’s relative power in the future. It is the opposite in Argentina: in general terms, the institutional framework reinforces the failure by Congress to play an active role in the formulation of public policy. The Argentine Congress acts more like a veto agent of the policies generated by the Executive (Jones, Saiegh, Spiller and Tommasi 2002) than as a proactive actor.

The United States Congress is a highly professional and institutionalized body (Jones, Saiegh, Spiller and Tommasi 2002; Polsby, 1968). It enjoys an elaborated institutional structure facilitating exchanges between its present members and over time. By doing so it allows for credible commitments among legislators. In addition (and this is a key element), the American legislators’ foremost interest is to be reelected. The internal Congressional operation maximizes their chances. As pointed out by Mayhew (1974: 81), “the organization of Congress meets

⁹ Riker (1980) imagined that the institutional result of an intertemporal constitutional convention in which all generations were represented ex ante would enter into a compromise to reduce public expenditure (Shepsle 1991).

remarkably well the electoral needs of its members. To put it another way, if a group of planners sat down and tried to design a pair of American national assemblies with the goal of serving members' electoral needs year in and year out, they would be hard pressed to improve on what exists". This explains the relatively high reelection rate of legislators in the US, where approximately 90% of legislators is reelected (Weingast and Marshall 1988). In effect, it is very common for United States legislators to remain in office for a quarter of a century. This temporal continuity forces them to be concerned about the future power of the body to which they belong. In other words, American legislators, taking for granted that they will be part of Congress for many years to come, are concerned about its relative power. In addition, and to the extent their reelection is tied to the government's performance, they take very seriously the discomfort that an underperforming bureaucracy may generate (McCubbins and Schwartz 1984).¹⁰ Thus, there is a significant concern by United States legislators over matters that directly relate to their electoral districts. As a consequence, issues about bureaucratic performance are key. Bureaucratic politicization affecting performance, even in the future, is a reason for concern to the median legislator. On the contrary, an Argentine legislator may not be concerned about placing future burdens upon bureaucratic capacity. He or she will not be penalized for this, because he or she will not be in Congress at the time the effects are felt.¹¹

¹⁰ It is important to note that the concern of the United States Congress with bureaucratic performance might imply that the former *agrees* with the President's preference for politicization (Lewis 2008: 60-61; 64-66). The point is that Congress is a significant factor in this process, while not in Argentina.

¹¹ During a personal meeting, the former head of AFIP mentioned the "delays" in bureaucratic performance caused by politicization of bureaucracy, noting that politicization of AFIP was going to be felt in "five or ten years".

As the American politics literature has discussed, it is in the legislative function where Congress establishes the conditions for bureaucratic and the executive branch oversight. Despite the “delegation hypothesis” that claims that Congress does not care much about policy decisions as long as it can avoid costs for malfunction, the United States legislature appears to care about the outcomes of at least some delegated policy decisions (Bawn 1995: 62). Congress specifies the necessary rules, the accountability mechanisms and the specific appropriations to limit other actor’s discretion (Huber and Shipan 2002; McCubbins and Schwartz 1984; Palanza 2006). But this course of action is only rational if lawmakers expect to serve in Congress for an extended period of time. For the average Argentine lawmaker, carefully specifying control strategies is a waste of time. In addition, the lawmaker might prefer that her party also have access to those discretionary powers in the future. Using the McCubbins and Schwartz (1984) terminology, the Argentine Congress does not possess the incentives to set up “fire alarms” (Palanza 2006).

The little compromise with a legislative career also results in lawmakers who do not specialize in any particular topic. This is particularly evident regarding bureaucratic control and public policy monitoring, which require higher levels of information and technical capacity. As studies of delegation have underscored, less capable legislatures do delegate more (Epstein and O’Halloran 1999; Huber and Shipan 2002). Therefore, it does not come as a surprise that an uninformed and technically diminished Congress prefers to delegate to the executive branch issues that require both. In the United States, on the other hand, successful parliamentary careers result in highly specialized lawmakers. As a matter of fact, research has demonstrated a high level of contact between lawmakers and career bureaucrats in the United States (Aberbach, Putnam and Rockman 1981). These exchanges are even more frequent than between bureaucrats and the

individual in charge of the Secretary. This makes the latter an “outsider” who is transient in her role and ignores the real functioning of the bureaucratic apparatus.

In addition, the United States Congress decentralized system makes it very difficult for these commitments to be modified. Even if there were some consensus at a plenary session to grant control of the bureaucracy to the President, or to intervene it to seek electoral benefits, it would be very difficult that such an initiative may survive the relevant committee’s veto. The United States Congress operates under very strong de-centralization. Legislators choose and are assigned to legislative committees close to the interests of their own electoral districts and stay in those committees during their whole term (Weingast and Marshall 1988). Typically, the Mining Committee is staffed by legislators from the industrial belt (Ohio, Pennsylvania, West Virginia), while the Agricultural Committee includes legislators from the Midwest and the Great Plains (Oklahoma, Kansas, Nebraska). These committees operate as strong actors enjoying veto power against the legislative majority (Tsebelis 2002). In other words, even if a majority may prefer a different use of bureaucracy (something which, as explained, is difficult to occur) it would have to overcome the obstacle of the relevant committee’s veto to reach the floor (Weingast and Marshall 1988).¹² Only major changes in the electorate’s preferences or political upheavals (uncommon in the United States, by the way) may affect the balanced *statu quo* of the United States Congress.

In addition, the Argentine Congress lacks the capacity to exercise control over the executive branch and the bureaucracy. The implementation of the French legal system (which

¹² This is the so called “industrial organization” of the United States Congress, where long term agreements are kept due to the allocation of authority to different committees. This way, legislators from committee X waive their rights to decide on subject Y in exchange for members of committee Y waiving their right to become involved in subject X (Weingast and Marshall 1988).

upholds the executive branch prerogatives) together with the Madisonian division of power system generated a legal doctrine that does not help the legislature to act as a brake. In the United States, the *Humphrey's vs. United States* case decided in 1935 limits the presidential power to remove servants from bodies with “legislative” and “quasi-legislative” capacities (Segal and Spaeth 2002: 81; Ferraro 2006: 225). This strengthens Congress, which can create independent agencies whose personnel do not depend on the executive branch.

The combination of the legislators' permanence during several terms, the institutionalization of behaviors, the ease of exchanges between legislators and the possibility to enter into long-term commitments over time, result in a collegiate body concerned with matters of bureaucratic performance and also committed to maintain bureaucratic autonomy in the future. In other words, American legislators are aware that their electoral future depends upon their capacity to show voters that they care about them and that, at the same time, that they have the institutional tools to reach commitments among them to insure stability and autonomy of the bureaucratic agencies. In addition, legislators find it valuable that Congress acts as principal of the public apparatus.

This concern on the functioning of the bureaucracy is very evident in the fact that appointments in the United States need to accommodate the preferences of the Senate (Lewis 2011: 55). This concern may very well be ideological, not necessarily worried about questions on bureaucratic performance. But the fact remains that appointments need Senate confirmation.

The situation is quite different in Argentina. The main purpose of its legislators is to advance their political careers elsewhere, as there is no political future (or, at least, no successful political future) in Congress. Individuals land in the Argentine Congress because they were unable to negotiate a better position with their respective provincial leader, or because have not yet

reached an important position within the political structure of their Provinces, or because they plan to use Congress as a launching pad towards better positions or due to a combination of all previous alternatives. Further, in terms of available resources, the Argentine Congress is clearly inferior when compared to its United States equivalent. The combination of uninterested legislators and scarce resources gives the Argentine Congress very few incentives to be involved in bureaucratic performance matters: rewards for strengthening Congress' role as the bureaucracy's principal will arrive late, and that is useless for the lawmakers' immediate electoral interests. In other words, legislators will lack incentives to empower a body they want to abandon as soon as possible and when transactional costs to reach agreements for this purpose are very high. If Ulysses bound his present so his future could not be relinquished by tying himself to the mast (Elster 1979; Shepsle 1991), Argentine lawmakers are not prepared to make a similar sacrifice. They take advantage in the cancellation of any future opportunities to control over the bureaucracy and the Executive (as the resulting benefits will take a long time to be reaped) by simply dismissing these matters. This way, legislators do not enter into credible inter-temporal engagements in favor of greater autonomy for the bureaucracy which, if enforced, would increase general welfare. Therefore, for Argentine lawmakers is also optimal to allow for the executive excessive politicization of the bureaucracy. In a similar vein to the deliberate discretion depicted by Huber and Shipan (2002), Argentine lawmakers prefer not to get involved with controlling the bureaucracy. However, Argentine legislators do not have the tools to revert this deliberate discretion.

In other words, in the US there are ways to widen the time frame and stretch out now "the arm of the future, avoiding temporary refusals and cooperating to strengthen the legislative body. The possibility of repeating the game (because legislators remain in office for several periods or at least aim to do so) increases cooperation between them to maintain control over the bureaucracy,

without yielding to presidential pressures while paying attention to the performance of the public sector.

The United States Congress is institutionalized in such a way that it secures a flow of future benefits to the whole body, independently of any particular composition on any given term. Legislators rationally take for granted the potential gains and losses of any specific project. The long term effect of any agreement will be reinforced by the exchange of votes between legislators from different districts (Marshall and Weingast 1988).

In Argentina legislators have a much more limited time frame than their United States counterparts, so the efficacy of reputational mechanisms is more reduced. In the language of political economy, US institutions impose high transactional costs to any possibility of policy change, precisely in order to avoid fluctuations that characterize collective decisions (Arrow, 1951; McKelvey 1976). These transactional costs prevent discretion in the decision-making process, thus reinforcing the credibility of the existing commitments. On the contrary, the Argentine institutional framework favors policy fluctuations. Furthermore, as we shall see, voters also lack incentives to penalize this behavior.

The situation described so far about separation of powers in Argentina is consistent with previous research on significant power delegations from the legislature to the executive branch and a relative absence of public policy oversight (Palanza 2006). This is typical of reactive rather than proactive legislatures (Cox and Morgenstern 2002).

2.4 THE VOTERS' ROLE

Why do voters not penalize a position by the Executive like the one described? A simple electoral model (based on Ferejohn 1986) anticipates that the voter will cast a retrospective vote: if the benefits received as a result of the President's performance are sufficiently great, he will vote for reelection; otherwise, he will vote for a different candidate.

$$u(a, \theta) = a\theta \quad (\text{Equation 2})$$

Where a is an action taken by the Executive (politicize bureaucracy for electoral purposes) and θ a random variable affecting the representative's performance but not dependent on him. In other words, the voter is unable to distinguish the actions of the representatives from any exogenous elements that may also affect such performance. Also, voters use individualistic criteria at the time of casting their votes, so the incumbents (president and legislators) have the possibility to take advantage of these divisions in their favor. To avoid this, the electoral process needs "sociotropic" voters instead of individualistic votes (Kiewiet 1983).

In turn, the preferences of the legislator are as follows:

$$v(a, \theta) = W - \phi(a) \quad (\text{Equation 3})$$

Where θ is a random variable, $\theta \in \Omega = [0, m]$ a subset of non-negative real numbers and $a \in [0, \infty]$ is the action (to interfere with bureaucracy) that the representative takes as a consequence. In turn, W is the compensation for acting as president and ϕ is the cost of action a .

As it can be seen, voters have asymmetric information: the electorate cannot observe firsthand the politicians' performance. This asymmetry works in favor of public officials who can make decisions unknown to the voters. In addition, the effects of bureaucratic performance are late

in showing their consequences. In the same way as the professionalization of bureaucracy is slow in showing its fruits (and for this reason it is not electorally attractive) politicization of bureaucracy has no immediate negative effect.

Finally, the model contains an extreme case of information asymmetry. As pointed out by Ferejohn (1986), a representative may fully elucidate his or her strategy before taking any action, while the voter cannot do it. Once the president notices a value of θ_t , he will select an action that maximizes his discounted profits from then onwards, assuming that the voter is sociotropic and only expecting minimum gains in order to reelect him. The president may choose $a(\theta_t)$ so that the restriction to be elected is satisfied:

$$a(\theta_t) = K_t / \theta_t \quad (\text{Equation 4})$$

Where $K_t, K_{t+1}, K_{t+2}, \dots$ from moment t onwards are the voters' thresholds (the minimum gains they must receive in order to vote the president's reelection).¹³ The key to this model is that voters who see themselves benefiting from the electoral manipulation of the public structure cast

¹³ Formally, the president will choose

$$a(\theta_t) = \frac{K_t}{\theta_t}$$

if, and only if,

$$W - \phi\left(\frac{K_t}{\theta_t}\right) + \delta V_{t+1}^1 \geq W + \delta V_{t+1}^0$$

where V_{t+1}^1 and V_{t+1}^0 represents the expected values of retaining or withdrawing from the elective position,

respectively, given the optimal move made by the voters and the president, and δ represents the discount value used by both agents (Ferejohn 1986).

an individual, retrospective vote. If the voter were to found his or her electoral evaluation on the basis of an aggregate index measuring governmental performance, it would be more difficult for the president to politicize bureaucracy (Ferejohn 1986).

2.5 COMMITMENTS FOR STATE REFORM

“State bureaucracy, administrative dowager of successive governments, ends up becoming a huge cemetery of political projects”. Oscar Oszlak, Argentine specialist in bureaucratic reform.

In Argentina, requests for bureaucratic reform to improve the administration are frequently voiced. These initiatives, however, always remain incomplete and are abandoned by subsequent administrations. Just to mention a couple of examples, both the creation of Governmental Agents (AGs) during the Alfonsín administration or the National System of Administration Professionals (SINAPA) during Menem’s term did not live up to their expectations and both remain forgotten, in the “cemetery of projects” mentioned by Oszak.

Arguably, the success of professional reforms of bureaucracy may be related to the existence of future expectations about its politicization. Thus, it is difficult for successive reforms

to be successful if they do not reshape the institutional structure reviewed here. Appropriate management of the future politicization risk can explain a successful professionalization in tax revenues, efficiency and political terms. If professionalization is carried out without a strong commitment to exercise “fair control”, those interested in a particular professionalization may anticipate that the project will generate poor benefits and therefore they will not support it or will do so reluctantly. Second, lack of a commitment to professionalize will affect the efforts that the reform coalition must put together to carry out the reform.

Finally, a poorly designed bureaucratic reform, without a commitment towards public sector autonomy may become a self-fulfilling prophecy, meaning that a failed reform may originate future politicization or neglect such as that suffered by AGs and SINAPA. To the extent there is no political protection against presidential politicization it is difficult for these initiatives to be successful.

Also, the government/opposition dynamics regarding administrative reform pose some difficulties. It is possible to illustrate such dynamics with the prisoner’s dilemma: while it is inconvenient for the government to insist on bureaucratic politicization for the reasons mentioned earlier, it is also inconvenient to the opposition (mainly to those expecting to gain power in the short term) to dispose of a tool that could become extremely useful if elected. The following figure 1 illustrates these dynamics (taken from Geddes 1994):

	Supports politicization	Does not support politicization
No politicize	$V_{of} ; V_{op}$	$V_{of} - X_{op} ; V_{op} + X_{op}$
Politicize	$V_{of} + X_{of} ; V_{op} - X_{of}$	$V_{of} + X_{of} - X_{op} ; V_{op} + X_{op} - X_{of}$

Figure 1. Administrative reform prisoner's dilemma

In the model, V_i represents the chances that Party i may win the elections without politicizing the bureaucracy (that is, by not distributing positions or gaining agency control by way of political appointees) and depending exclusively upon customary political variables. In turn, X_i is the proportion of extra votes that party i may obtain due to the politicization of bureaucracy.¹⁴ The upper left cell shows both parties' rewards obtained from not resorting to favors that imply politicization of bureaucracy. The upper right cell shows payments by an opposition party that abstains from using bureaucracy as an electoral tool while the party in power does use it that way. Thus, the party in office obtains a difference in its favor equal to X_{of} , while the opposition suffers a loss of $-X_{of}$ (due to the fact that percentages always add up to 1). In turn, the lower right cell represents the opposite; i.e., electoral use of bureaucracy by part of the opposition (in office in provincial or municipal jurisdictions or in areas where it retained influence after leaving power, as public officials tend to remain in office for some time after their parties lost an election and they continue using the public structure in their favor) but not by the party in power. Finally, the lower

¹⁴ X_i and X_j are not necessarily identical.

right cell represents the rewards to both the party in power and the opposition if they make electoral use of the public structure. Geddes (1994) has replaced the abstract concepts in this model with electoral results to better illustrate the issue. Following a similar strategy we obtain the subsequent figure

	Opposition Party (UCR)	
Government Party (PJ)	40 ; 35	.30 ; .50
	.50 ; .25	.45 ; .30

Figure 2. Stylized electoral results in Argentina and the prisoner's dilemma

This is an arbitrary exercise, but reflects the general electoral distribution as well as the *Justicialista* Party's stronger ties with bureaucracy (also remarked by Calvo and Murillo 2002), and, therefore, the greater electoral advantage of this particular party whenever bureaucracy is politicized. Like the UDN case in Brazil, described by Geddes (1994), the *Unión Cívica Radical's* option resembles the prisoner's dilemma. The UCR would be better off if bureaucracy were not politicized or used as a token for political favors. Should this happen, elections would be much more competitive than they are when both parties distribute favors to the public sector (although the UCR would still have a lesser amount of loyal votes than the *Justicialista* Party).

However, repetition of the game makes it more rational for the UCR politicians to use bureaucracy in a clientelistic fashion as well.¹⁵ It is worth noting that for any political party, *from an organizational point of view*, it is a rational decision to apply merit standards when selecting bureaucratic personnel, due to the fact that the party will repeatedly replay the game over time, which operates as a condition to the evolution of cooperative patterns (Axelrod 1984). However, for the occasional Radical politician, it is not. For him or her, it will always be a rational decision to politicize bureaucracy, even if the results are socially sub-optimal.¹⁶ On the other hand, it is noteworthy that for the *Justicialista* party there is no time incentive to promote reforms. Even if the game is infinitely replayed, party members will always be better off by resorting to bureaucratic politicization as an electoral tool. They will be better off regardless of whether the other party does or how many times the game is replayed.

This admittedly simplistic illustration helps explain the fact that legislators and political leaders may, in general terms, ignore public demands for reform. Reform is only one of various

¹⁵ This exercise does not imply that the UCR will necessarily lose the elections even if both parties do not politicize bureaucracy. As pointed out in the previous game, this will depend upon the specific values adopted for X1 in each election.

¹⁶ This would seem to suggest that pressures in favor of a deep administrative reform in Argentina could come from political leaders who do not seek political positions; from organizations such as advisory committees or juvenile sectors who have a long term view. Tsebelis (1990) has described the role of the young political militants in the United Kingdom as an example of a political actor with extended long term positions who clash with occasional party leaders. Outside political parties, such pressures can come from actors concerned with the long run, typically non-governmental organizations. This is the case in Argentina.

issues affecting voters' decisions and large majorities do not include it among their main concerns. Breaking the pattern, as I will argue later, is very difficult for a number of reasons.

In the first place, all parties may benefit from bureaucratic politicization. Thus, the prevailing strategy will be to support its continuity, unless returns for voting in favor of reform become extremely large and the future can be perceived with certainty. How large those returns must be to vote in favor of reform and the certainty about the future will depend upon the distribution of political resources to gain power. I am referring to the possibility of gaining control of the presidency or the majority in Congress.

Further, even if voters show a particular interest in favor of administrative reform, politicians in general tend to ignore these demands. As pointed out by Geddes (1994), administrative reform is just one of several issues mobilizing voters at any one time, and it almost never is a priority for any of them. In the absence of a catalyst that may rally public opinion around this issue, it is difficult to imagine strong demands for it.¹⁷ This results in the fact that the electoral value of voting in favor of administrative reform will always be positive, but most of the time it will be too low for the politicians. The reason is that legislators cast thousands of votes on many issues which have varying importance to the voters. Therefore, for political parties benefiting from a patrimonial use of bureaucracy, the dominant strategy will be to vote in favor of maintaining such alternative, unless the existence of the catalyst increases the rewards for voting the reform,

¹⁷ Geddes (1994) mentions President James Garfield's assassination in 1881 as the catalyst for the enactment of the Pendleton Act promoting administrative reform. In Argentina, the murder of private Oscar Carrasco generated a similar effect, organizing public opinion in favor of suppression of mandatory military service. The killing of Axel Blumberg had the same effect in favor of heavier sanctions against crime. There has been no catalyst for a deep administrative reform.

because in the event this does not happen the electoral gain will be small (Morgenstern and Manzetti 2003).

In particular, the party occupying the presidency, having more seats in Congress or in a certain given time closer to gaining the presidency in the near future will strongly oppose administrative reform. On the contrary, parties having a smaller congressional representation and/or fewer possibilities to gain the presidency in the next electoral turn will be the greater supporters of the possible reform.

Thus, it is unlikely that political leaders will support positions in favor of a collective interest such as administrative reform, as it will not provide any immediate personal gain. A vote in favor of reform would be rational if the expected profits are greater than the difference between the profit the legislator would reap from using bureaucracy as an electoral tool and the losses he or she would suffer as a result of the opposition's clientelistic use of bureaucracy. This illustrates what I have already mentioned: for the party with the largest electoral vote, the advantages of politicization will almost always weigh more than the possible electoral gain from voting in favor of administrative reform.

Should popular requests for administrative reform appear, rewards would change. Only in such a case, with certain degree of public outcry against the inefficiency of public services or for the mere fact of the public sector being used as an electoral tool, incentives to push for a Weberian reform could succeed.

2.6 CONCLUSION

This chapter aimed at explaining the relationship between the public bureaucracy and political power in Argentina. The main concern lies in the electoral use of the public bureaucracy.

The central argument running through this work is that an opposite strategy to the professionalization and autonomy of public sector is perfectly rational considering the interests of the executive. Additionally, I argue that the existing institutional framework in Argentina also fails to limit this behavior. The legislative branch is distant from the daily management and oversight of the bureaucracy and in addition is not populated by legislators committed to achieving inter-temporal compromises over professionalization of the public sector precludes Congress of becoming a barrier to this politicization strategy. The comparison with the United States is very relevant because it illustrates the fact that two countries with similar institutional frameworks (such as separation of powers system) differ in the results due to the different role that the legislative branch plays in both countries.

Furthermore, two other elements contributed to shedding light on the standing of the bureaucracy in the Argentine political scene. On one hand, a simple formal model of electoral choice shows that politicians have better information than voters and therefore can politicize behind voter's backs. In addition, as general voters are choosing based on past performance, they are not aware if goods and services provided are the result of bureaucratic politicization. On the other hand, a repeated game by the ruling party and opposition may explain why there does not arise a deep administrative reform. The very simple game presented here shows that the politicization of the bureaucracy is beneficial for both ruling party and the opposition. Therefore,

it is difficult to expect more than make-up reforms at a given point in time, unless a political upheaval modifies these payments (as the assassination of Garfield did in the United States in 1881).

This combination of elements sheds light on a sensitive issue like the functioning of the public sector in Argentina. Also, the findings presented here may serve as a basis for reflection on the factors that must be tackled to achieve a successful administrative reform with consensus among party lines.

3.0 THE LOGIC OF BUREAUCRATIC APPOINTMENTS

In this chapter I will explore the relationship between appointments and politicization, revise the US based literature on bureaucratic appointments and develop some hypotheses for the reasons behind appointments in Argentina, where congressional oversight is much less relevant.

The ability to staff the national public administration is one of the president's most important attributions (Lewis 2011: 48) and represents the single greatest source of presidential influence over the bureaucracy (Wood and Waterman 1991: 822).

There can be many reasons for which the presidents decides to appoint someone to a given position, such as ideology, loyalty, competence, demographic characteristics, political connections and/or work for the party, among others. Nonetheless, the argument presented here is that there are political dynamics that explain when the president decides to appoint individuals. The explanation is based on political survival logic: presidents will appoint individuals to the bureaucracy as they need to fortify their position. Three elements are part of this logic: the need to staff the bureaucracy as soon as they take office; the need to build support in Congress if they lack a majority and the need to build support within opposing factions within their party.

Ideology is not included in this work. It is reasonable to expect that president's will, other things equal, appoint ideologically close individuals to the bureaucracy rather than people with beliefs far away from hers. But I will not delve onto this topic. It is worth mentioning,

however, that the role ideology plays in appointment dynamics remains an open question (Lewis 2011: 54), although there is evidence that suggests that agencies with views different from the presidents' are more likely to be politicized (Lewis 2005: 501), and the American politics literature is full of anecdotic evidence about the ideological politicization of the Nixon, Reagan and George W. Bush administrations (Peters 2004: 130). I believe, however, that in Argentina ideology is not the main drive behind politicization. Following Wilson (1995: 198), I strongly consider that presidents have no clear idea of what exact policy her appointee will pursue. On the contrary, and as I hope it will be clear in the next section, I hypothesize that appointees are selected to serve the political needs of the executive, involving or not policy considerations.

3.1 APPOINTMENTS AND POLITICIZATION

Before proceeding, some clarifications are in order. The literature on bureaucratic politics understands politicization as increasing the number of appointees in a given agency as opposed to

career bureaucrats (Lewis 2008: 2), substituting *merit-based criteria* for *political criteria*;¹⁸ the conflict between both principles has dominated the discussion on bureaucratic recruitment (Peters 2001: 86). In this work, I am interested in explaining the variation in the patterns of appointments across time. This includes a patronage component, as party members usually receive appointments. The latter phenomenon has been labeled “patronage appointments” and is usually ignored in some works that explore politicization only in industrialized democracies (Peters and Pierre 2004: 2).

There are at least four ways in which politicization can be achieved. First, the president can change the appointment authority of a position from a merit filled position to an appointee-filled position, which I probably the most obvious way. In addition, presidents also often layer appointees on top of existing organizational structures or they reorganize the bureaucratic structure through the creation of parallel structures to get around an existing bureaucracy (Lewis 2005: 501).

Politicization, as a result, affects the level of political autonomy of the bureaucracy. A politicized agency, then, has a large number of appointees. Appointments and politicization are part of a broader agenda that focuses on the relationship between bureaucrats and their political masters, one of the most important aspects on a research agenda on bureaucratic politics (Peters 1988: 21). The appointments I analyze in this study are a mixture of what Panizza, Peters, Ramos and Scherlis (2015) label organizational resources and governing resources. They are governing resources as politicians rely on these appointments on grounds of personal trust and organic links with the party faction in power, what authors label *technopols*. But at the same time this fact is

¹⁸ Note that the “political criteria” label does not necessarily mean that appointees are ill-suited for the job, although this is the image that fills media coverage on the issue. Political criteria means, at a minimum, that technical consideration has not been the main explanation behind appointment.

reinforced by the organizational logic of securing political support through the state apparatus, as Katz and Mair (1995) described.

Of course, patronage (what Panizza, Peters, Ramos and Scherlis 2015 label electoral resources) is probably the most pervasive form of politicization. Patronage is usually politicization that is directly exchanged for votes (Scherlis 2009; Panizza, Peters, Ramos and Scherlis 2015). But patronage is extremely difficult to measure (Geddes 1994). In Argentina, *contratados* (hired personnel) do not show up in official statistics, as these types of appointments do not appear in the State's Official Bulletin (*Boletín Oficial*). Patronage funds do not even appear in the official budget.

3.1.1 Politicization and performance

At a minimum, the lack of bureaucratic autonomy means that bureaucrats do not take actions consistent with their wishes (Carpenter 2001: 4). In general, the literature on bureaucratic politics goes a step further and agrees on the normative consideration that (excessive) politicization hurts performance, agency morale, human capital and even agency reputation. This notion goes back to thinkers that proposed a distinct “science of administration”, such as Alexis de Tocqueville, Max Weber and Woodrow Wilson. Kaufman (1956) coined the “neutral competence” claim to support the idea of an ideologically disinterested bureaucratic body insulated from everyday politics that could provide a wealth of knowledge and skill to elected officials no matter what their political

orientation were (Peters 2001: 87; Rourke 1992: 539). In a forceful and now classic account of this perspective, Heclo (1975) also argued that professionalized bureaucracies are capable of providing objective and specialized advice, stemming from public servants policy expertise, meaningful experience and public management skills. His criticism towards politicization is based on his statement that Nixon's administration attempts to politicize the Budget Bureau/OMB decreased impartiality, hampered communication, threatened its brokerage function, and endangered cooperation among internal units. It also threatened continuity and institutional memory to the detriment of both the agency and the presidency. In general, the media also reacts to qualitative evidence or case studies and tend to report on the disastrous effects of politicization.

Additional qualitative evidence in Latin American Politics usually underscores the low professionalization and patronage-ridden bureaucracies in the region, with some studies highlighting the "efficiency" pockets, especially in Brazil (Evans 1995; Geddes 1990, 1994; Schneider 1994). Schneider (1994: 7-8) claims that in the Brazilian case, politicization and personalism enhanced bureaucratic performance by allowing the authorities to dodge formal and rigid bureaucratic organizations and achieve industrialization goals rapidly. Here I also concentrate on political appointments as Schneider (1994) did. However, I am not interested in officials' career interests. Nor do I explore how appointments altered the power balance within organizations allowing for specific coalitions within officials or how the latter facilitated the attainment of specific policy goals. Rather, I am concerned here with the reasons that help explain politicization (appointments) in the public bureaucracy.

Theoretically there are well-grounded reasons to support the idea that politicization hinders performance. Following classical Weberian accounts of the role of the bureaucracy, Miller (2000: 290) states that the "bureaucracy plays a role in the credible constraint of particularistic rent

seeking that must inevitably tend to undermine the efficient provision of public goods”. In the political arena, “the credible constraint of morally hazardous behavior is a fundamental concern. Therefore, the characteristics of Weberian bureaucracy, including rational/legal constraints and autonomous professional norms, serve to insulate bureaucrats from efficiency-undermining political pressures”. Following this line, McCarty (2004: 414) has suggested that constraining presidential dismissing capacity would produce more efficient results in bureaucratic performance and funding.

In addition, politicized agencies achieve lower human capital. Politicization shortens tenures among career bureaucrats and makes more difficult the hiring and retention of highly qualified individuals (Carpenter 2010; Gill and Waterman 2004; Lewis 2008: 58). Consequently, politicization results in higher personnel turnover, which produces vague and volatile signals regarding the agency’s objectives and direction (Heclo 1975: 93; Krause, Lewis and Douglas 2006: 771).

Moreover, the transient nature of appointees creates a “government of strangers” that hurts agency morale (Lewis 2008:3) and increases internal bickering which has been proven to be key for performance (Brehm and Gates 1993). Morale is also affected as organizational stability is hindered and organizational memory is lost. Besides, this negative considerations on politicization generates a somewhat confrontational relationship between career bureaucrats and the political appointees that come for abroad to supervise them. In effect, research in the United States suggested that bureaucrats and politicians do not share the same orientation toward public policy (Aberbach and Rockman 1976; Peters 1988: 64). At the same time, internal communication upwards also deteriorates as staff becomes resentful of what actually happens to their work (Heclo 1975: 93). Less cooperation and more compartmentalization follow. Moreover, appointees need

to adapt to their new environment. As Aberbach and Rockman (1976: 456) put it, “when presidential administrations change, uncertainty and tensions rise within the American federal bureaucracy”. New program priorities and emphases and the introduction of new personnel create some inevitable difficulties of adjustment under the best of circumstances. Politically appointed executives with typically short career spans and often limited experience in bureaucratic politics must learn to come to grips rapidly with the complexities of their jobs. With astonishing quickness they must come to know whom they can trust among their career subordinates; who among them will be cooperative and loyal and who will not.”

On the contrary, agencies in which qualified individuals occupy managerial posts get better grades in management and in general perform better (Krause, Lewis and Douglas 2006: 771; Schneider 1994: 7). Studies have demonstrated that the typical patronage appointments are under-qualified for key policy making jobs (Lewis 2011: 50) (a premise that probably holds for Argentina as well). In general, the existing literature suggests that some proficiency or capability is attached to agencies with continuing professional personnel and that, all else equal, a higher percentage of professional career employees provides more competence (Lewis 2005: 501). In short, it is unlikely appointees have the subject-area expertise, public management skills, professionalism and insulation from everyday politics that are at the heart of the canonical Weberian bureaucracy and are crucial tools for agency performance.

A final reason is more appropriate for less developed contexts, and less related to the Weberian-Wilsonian administrative discussion. As has been documented for the Mexican case, dominant parties’ resources come basically from diverting public funds for partisan use. In context where the political landscape is dominated by such parties (Mexico, Taiwan, Malaysia, Italy, Japan and, possibly, Argentina), this situation raises relevant normative issues regarding the quality of

democracy, as incumbents skew competition in their favor (Greene 2007: 6). Although Greene (2007: 100, 101) makes the case for partisan utilization of public enterprises by one of these parties (Mexican PRI), his normative cautions can also be applied to the use of the bureaucracy in this way. Monopolistic access to these funds is problematic for democracy.

However, the claim that politicization hurts performance has received little wide empirical support given the formidable difficulties to measure performance adequately. Qualitative accounts tend to support this hypothesis, whether policy or academic oriented (an example of the latter is the Volcker Commission in the United States) (Lewis 2008; especially chapters six and seven). In depth-studies of specific agencies have shown that political appointees are professionally biased towards their masters and lack objectivity. Naturally, this might result in appointees that abdicate their responsibility of professional judgment in response to external pressures (Rourke 1992). An agency concerned with ideological, partisan and/or electoral difficulties instead of worrying about professional or technical issues might commit myopic decisions. Broad quantitative studies that relate Weberianness with some crude measures of performance also lend support to the autonomy hypothesis. Evans and Rauch (1999) found that countries that employ meritocratic recruitment and offer predictable and rewarding long-term careers to public servants experience greater economic growth. Rauch and Evans (2000) also found that three Weberian characteristics (competitive salaries, internal promotion and career stability and meritocratic recruitment) are correlated with lower risk rating by credit agencies. Although theoretically sound, these works are based on very crude measures on both the dependent and independent variables. The former (GDP or risk ratings)

do not necessarily relate with the functioning of some agencies.¹⁹ In addition, the argument might be endogenous: In many cases already prosperous countries are able to build Weberian bureaucracies. Regarding the independent variables, these are measured through surveys, which also are at best imperfect measures of Weberianess. It is important to highlight, however, that this pieces of work are more than adequate tackles to this theoretical question and that questions such as the ones asked by both authors are answered with such strategies or not answered at all.

Nevertheless, drawing the line between politics and administration as both Weber and Wilson desired is impossible, and therefore some degree of politicization is inevitable. The United States, for example, is an example of the mixture of overt political selection and control and extreme commitment to merit and de-politicization. As Peters (2004: 126) shows, there is a substantial number of positions that can be handed out for political reasons, with the intention of ensuring that the administrative system will follow the direction of the leadership in government: almost all the top positions in government (around 4000 positions) are held by political appointees. At the same time, the system has been designed, since the Pendleton Act, to ensure that most positions in government are insulated. The remaining public employees are chosen by a thoroughly enforced system of merit. In addition, public employees are subject of numerous restrictions on their political involvement and activities (such as the Hatch Act and the Merit System Protection Board, charged with maintaining the integrity of the merit system) (Peters 2004: 126).

¹⁹ It is reasonable to argue that political insulation does help to achieve these objectives. If bureaucrats control resources linked to economic performance, this assumption obviously holds. Bureaucrats control resources in the form of decisions about who get licenses, credit, foreign exchange, subsidies, exceptions and public contracts. Insulation helps to allocate these resources more efficiently, which would pave the way to enhanced economic development. This is the core argument of the “developmentalist” state (Evans 1996; Geddes 1990).

In addition, the Weber model might be implausible given its ingenuousness. Extremely mechanistic, it assumes a value-free administrator who will follow orders and legal and technical criteria independently of intentions, personal commitment to the project in course, or overall impact on society (Peters 2001: 87).

If some degree of politicization is inevitable, some suggest that it is even desirable. Indeed, some research is skeptical regarding the neutral competence axiom and defends some degree of politicization (Krause, Lewis and Douglas 2006; Scholz and Wood 1999). Appointees might bring new information, energy and vision to an endogamous and insulated agency. Krause, Lewis and Douglas (2006: 771) pose that maintaining a balance between appointees and autonomous personnel systems is necessary to maximizing bureaucratic proficiency as appointees bring along valuable information and an influx of new ideas from outside the enclosed agency environment. They might bring valuable policy information from other areas of government or the legislative branch.

Additionally, hierarchies within organizations usually create information distortions that appointees can help alleviate (Krause, Lewis and Douglas 2006: 773). An agency's culture or history and given professional norms result in inertia and myopic decisions. In addition, career bureaucrats appear to be more inertial, less risk-taking, lacking of ideas and entrepreneurial spirit. Some appointees, consequently, can improve bureaucracy by bringing in flexibility and innovation.

In this line, Moe (1985a) previously claimed that career public servants are less responsive and loyal which makes presidents more interested in politicizing, what he has labeled the need for a "responsive competence" (see also Peters 2001: 87). Hence, presidents seek a more politically responsive and committed staffing system; as the responsiveness of career employees to

presidential direction is dubious at best. As the president is primarily a politician, he is less concerned with effectiveness than with a staff structure that is responsive to his political needs (Lewis 2005: 498). The latter is a reasonable expectation given the public pressure for a quick and alert Presidency that appears to have government under control by shaping agency behavior (Wilson 1989: 199). Appointments are therefore the way to go to try to make the institutional framework of the presidency more responsive. Therefore, presidents “manipulate civil service rules, proposing minor reorganizations, and pressing for modifying legislation ... to increase the number and location of administrative positions that can be occupied by appointees” (Moe 1985a: 245). This perspective brings part of the spoils system defense back in: Individuals selected by a spoils system are more disposed toward the program being implemented. In this regard, Kwame Nkrumah, president of Ghana, once said that “disloyal civil servants are no better than saboteurs”, and, therefore, he aimed to “wipe out the disloyal elements of the civil service” (quoted in Peters 2001: 209).

Last, but certainly not least, there is a democratic concern with bureaucratic insularity. After all, the bureaucracy is a non-elected body. Therefore, growth in bureaucracy’s power can be considered as an alarming accretion of power to a non-elective part of the government and henceforth a menace to the legitimacy of elected bodies (Long 1952: 810).²⁰ Moreover, they are

²⁰ In the United States, the skepticism and increased de-legitimization is also the result of the tendency of many national policy makers to turn increasingly to private groups for technical assistance in designing government programs. In addition, both the Executive and Congress have greatly expanded their expertise in dealing with policy issues by strengthening their own staff resources. As a result, bureaucrat suggestions are now part of a broader set of expert opinion from different sources that now engulfs virtually every policy debate (Rourke 1992).

less connected with interest groups and constituencies. Organizational pathologies can result in a narrow vision regarding the agency's role, detached from the larger democratic demands.

On the other hand, some politicization might result in an agency synchronized with the polity's expectations and demands. In fact, Scholz, Twombly and Headrick (1991: 830) posit the "democratic control" argument and claim that some degree of interference is therefore positive, especially intervention at the local, "street" level. By this token, responsiveness more than neutral competence is more valuable, as the President had earned the right to govern through an election in which every qualified citizen had an opportunity to participate. In being responsive to the President and to his political appointees, the bureaucracy acts in accord with the basic imperatives of a democratic society, since a presidential election was the chief occasion on which the national electorate had a chance to speak. Under this perspective any bureaucratic failure to carry out presidential directives could thus be interpreted as a serious challenge to democratic order (Rourke 1992: 542), a perspective obviously strongly espoused by executives. In this line, it could be argued that allowing for some politicization is preferable.

Regarding performance, permitting political criteria being used primarily to remove very senior officials and to replace them (particularly after a change of government) regarding specific policy goals is less destructive of the principles underlying merit systems than is more overt selection of civil servants throughout their careers (Peters and Pierre 2004: 3). All of these concerns made the "neutral competence" claim lose some of its gravitas recently (Rourke 1992). As a matter of fact, recent empirical evidence has claimed that the performance gap between political appointees and careerists is either decreasing or non-existent as the result of better education and

more prior government experience for political appointees,²¹ as well as staying longer in politically appointed positions than commonly perceived (Krause, Lewis and Douglas 2006: 772). In short, they possess more political experience and sometimes more private sector experience as well.²² Krause, Lewis and Douglas (2006: 785) specifically defend a hiring strategy that consists of mixing both appointees and career bureaucrats, which resulted in better performance in revenue forecasts agencies in the United States.

Nonetheless, it is unclear whether a more educated, experienced, and committed public sector workforce comprised of political appointees necessarily guarantee an enhanced level of agency performance across many agencies. In addition, even if performance is enhanced, the lack of objectivity is still a problem: Any performance gains can be counterbalanced by a lack of objectivity and also a willingness to relinquish their judgment in response to both external political pressures and competing information sources. (Krause, Lewis and Douglas 2006: 772).

It must also be noted that the legitimacy of the bureaucracy in designing public policy is thus undermined. The only reason to delegate to a non-elected body significant amount of policy-making capacities is if the latter is only an instrument (Rourke 1992), a situation that the judiciary also faces. Moreover, when the bureaucracy that a President inherits falls short in this way of being

²¹ Therefore, in contexts of bureaucratic incapacity, appointees might acquire an important role. For example, Evans (1995: 61) suggested that, in the Brazilian context, political appointment complements the lack of meritocratic recruitment.

²² Research on the United States appointments argues that political appointees have on average higher levels of education than career bureaucrats (Lewis 2011: 59). Qualitative evidence on Argentina is mixed at best and it definitely varies according to the area under scrutiny. For example, appointees at the Social Policy Ministry are significantly less-educated than their counterparts at the Ministry of the Economy.

a true meritocracy, it loses much of its credibility as a source of neutral competence (Rourke 1992: 540) and therefore generates a vicious circle of politicization. The presidential strategy is to counterbalance a bureaucracy that she suspects remains loyal to previous administrations or parties if the president has put an end to a prolonged period of government of the opposition party.²³ Therefore, more increased politicization ensues.

Furthermore, this situation is probably expected in instances where bureaucratic structures are relatively solid and Congress will have interest in monitoring bureaucratic performance, as explained in the previous chapter. In countries where the president can appoint at will and/or a professional bureaucracy is yet not fully developed this mix is less likely to occur. Finally, as all research on bureaucratic performance, Krause, Lewis and Douglas (2006) is based on a very specific type of agency. Contextual factors, internal agency operations or other unique characteristics might be also at play, something the authors acknowledge (Krause, Lewis and Douglas 2006: 784). It is unclear its applicability in other contexts; such as different agencies or other countries. Plus, it is unclear where exactly this balance should be placed: Which is the exact proportion of appointees and bureaucrats a given agency should possess?

Although this discussion is of intrinsic importance, the broader effects of politicization is beyond the scope of the analysis developed here. The quantitative empirical research performed

²³ For example, research in the United States agrees that Franklin Roosevelt created special agencies to implement the New Deal programs as he distrusted the bureaucracy after twelve years of Republican administrations (Rourke 1992) and that at its turn the Eisenhower administration facilitated politicization (schedule C appointments) to compensate the “New Deal bureaucrats” (Lewis 2008: 24). Finally, Nixon’s deep suspicions toward the Democratic affinities of the bureaucracy (especially the social agencies created or empowered as a result of the Great Society programs) are almost legendary now.

here is independent of performance, as I am interested on the political dynamics of politicization and not on the immediate effects of the former. In this respect, the type of question asked by Krause, Lewis and Douglas 2006 is left for future research.

In Argentina, as explained in previous chapters, the bureaucracy in general is considered less than meritocratic. There are islands of meritocratic recruitments, such as the Finance and Foreign Affairs areas, where mid-level positions are occupied and exercised by career functionaries. The reason for the existence of this “pockets of excellence” needs further research. In general, there seems to be an “historical institutionalism” explanation for the existence of these professionalized islands within politicized bureaucracies. Some of these developed autonomy at a given point in time and maintained it ever since. There is evidence that this happened with specific areas of the bureaucracy in the Brazilian case (Geddes 1990; Schneider 1994). In Argentina, for example, the Foreign Service was granted autonomy in 1826 (before mass democratic politics was in place) and was strong enough to maintain it.²⁴ Obviously, nor “path dependency” nor institutional strength is enough for maintaining autonomy and the latter needs to serve the immediate interests of politicians for it to survive (Geddes 1994: 14). The autonomy of the financial sector, for example, is understandable given the highly technical work and the importance all governments give to the area, and therefore “techno-bureaucracies” survive (Centeno and Silva 1998).

On the opposite hand, other ministries are widely politicized. According to previous qualitative evidence, politicization is more profound in the Social Development, Health, Public

²⁴ This process is analogous to the professionalization of the Brazilian Foreign Service (known as *Itamaraty* for the Rio de Janeiro palace of the same name where it had its headquarters) that happened more or less at the same time.

Works, Interior, Justice and Education Ministries and in the Media, Culture, Sports and Environmental Protection Secretaries (Scherlis 2009: 108). The welfare sector is special as also its decentralized agencies are colonized by parties (Scherlis 2009: 112), an understandable situation given how parties need to rely on clientelism, specially the Peronist Party (Levitsky 2003). This Ministry controls large amounts of resources allocated through “social programs” that enhance the power of local bosses. Bureaucratic positions are therefore enticing for political brokers that can decide where to allocate public funds in exchange for a network of activists and votes.

Previous research has classified the bureaucracy in three categories: Ministerial departments, decentralized agencies and executing institutions for each area (Scherlis 2009: 271). The first category includes the ministerial office in charge of that area. The decentralized agencies include all the non-departmental institutions that have specific duties and are organizationally distinct from central government, similar to “quangos”. Finally, executing institutions are the bodies that provide for specific goods and services. In the Culture and Education area, for example, the Ministerial department is the Ministry of Education; examples of decentralized agency can be the National Theater Institute or the National Film Institute and the executive institution is the National Council of Scientific and Technical Research (Argentina’s National Science Foundation). Qualitative evidence has also suggested that appointments tend to go more to the ministerial departments and decentralized agencies and less to the executing agencies (Scherlis 2009: 113).

3.2 EXPLANATIONS FOR APPOINTMENTS

The Previous chapter showed how the institutional context in Argentina is permissible for the executive to politicize the bureaucracy. In other words, previous chapter aimed at answering the question, why can the president easily politicize the bureaucracy facing almost no-opposition? However, this has not answered the question of *when* does the president politicize the bureaucracy. I will proceed to do so now. Namely, I propose that there are three explanations of when does the president politicize the presidency. First, she will do so as soon as she takes office so as to quickly respond to citizens demands. In the second place, she will need to politicize the bureaucracy as a way of political survival: she will distribute bureaucratic positions to members of opposition parties and of different factions within her party to secure support.

Surely, not all episodes of politicization are perfectly predictable. However, my objective is to show that the timing of politicization can be described by consistent patterns.

3.2.1 Presidential term dynamics: the initial quest for control

Presidents lean on party loyalists to fill the vacancies that are readily available after she takes office. This process is dual. For one side, presidents need to appoint people that can secure them

control over the huge national State apparatus. On the other hand, the party wants compensation after many months of heavy campaigning. Therefore, this politicized bureaucracy ends with both a “top-down politicization” (penetration of the civil service by successive incoming governments) and “bottom-up politicization” (the involvement of civil servants in party politics (Sotiropoulos 2004: 257-8)).

The first aspect illustrates the “increased pressure” (Lewis 2008: 3) requirements that modern-day politics puts on the president and the subsequent need for political control over the bureaucracy in order to exercise as the effective head of the government. This has to do with the demands for the president to do “something about everything”, in Neustadt’s words (1960: 7). Citizens expect the President to be able to solve problems across all areas of the State. In this respect, it comes as no surprise that modern states, and appointees, have expanded enormously. Therefore, the number of appointments a modern president has to make is very large. In this line, Moe (1985) describes the modern-day executive branch as the “politicized presidency”, a premise that travels very well to other; non-US contexts (see also Mayer 1999). As soon as the president’s takes office, she needs to appoint a large number of individuals to many positions within the national public administration, as she will be held accountable for the performance of the whole government by a nation-wide constituency and by her party, as the latter’s electoral fortunes is related to her performance. In Moe words’ (1993: 640) presidents need to “organize and direct the presidency as they see fit, create public agencies, reorganize them, move them around, coordinate them, impose rules on their behavior, put their own people in top positions, and otherwise place their structural stamp on the executive branch”, which helps explain the “centralization” of tasks within the White House (Rudalevige 2005).

Moreover, the new public management and its performance-driven assessments augmented the pressure for this type of politicization, as accountability systems may become even more pronounced.

In addition, presidents also try to secure responsiveness. Presidents care about the outcomes that result from agency actions. Obviously, the extent to which agencies will produce outcomes that presidents prefer will partly be determined by the extent to which the agency shares the president's preferences and has the capacity to carry out the president's wishes (Lewis 2005: 501). In this respect, holdover personnel from other administrations are less likely to share the president's preferences than personnel the president chooses directly. Therefore, after tenures under one party's control, the top managers in agencies are more likely to share the policy preferences of the president they serve under (Aberbach and Rockman 1976). As with any principal-agent relationship, problems can arise between the president (principal) and his staff agencies (agents) due to divergent preferences and variation in agency capacity.

Filling all the vacancies might take many months, but as soon as the president takes office she needs to take care almost immediately of the “choke points” (Lewis 2011: 50), the critical areas of the administration that are crucial for the daily business.²⁵ During this critical time, presidents politicize by using their appointment authority to place loyal, ideologically compatible people in pivotal positions. According to Moe and Wilson (1994: 18), this strategy can be labeled “imperialist”, extending the reach of the presidential team by infiltrating alien territory.

²⁵ According to Lewis (2011), other areas do wait many months: President Obama had 15% of positions in the bureaucracy vacant as the 2010 mid-term elections approached.

Interestingly enough, Lewis (2008: 108) has found that the overall levels of politicization (measured by percent change in the number of appointees) decrease during a president's first year, suggesting that transitions are relatively labored in the United States. Politicization increases in the second and third year and decreases in the fourth as well as in the second term, if there exists one, as positions get filled.

In the Argentine context things are aggravated by the instability and politicization of the Argentine bureaucracy, as described in the previous chapter. In countries with modern and permanent bureaucracies, there is a higher probability that public servants will adapt and serve successfully the elected politicians and the latter will not take over managerial positions in the public sector (see, for the Danish case, Christensen 2006). In Argentina, as already described, the president not only finds it easy to politicize but also distrusts existing bureaucrats. Therefore, the need for political control is high, as all mid and high levels of the bureaucracy need to be appointed. As Scherlis (2009: 138) points out, Presidents do not keep in their posts General-Directors appointed by a previous administration. As a bureaucrat put it, "that is the natural and widely accepted way to run the State. Everyone who comes brings their own people and teams. No functionary will trust people who were hired by their predecessor" (quoted in Scherlis 2009: 138). Therefore, incoming executives look upon the bureaucrats working for the national government as being far from neutral in their policy perspective.²⁶ In addition, the president has more leverage to

²⁶ It must be noted that in American politics, bureaucrats are also suspected of being biased rather than neutral in their policy perspectives or even of trying to sabotage policy proposals that political leaders want to put into effect. Fear of such sabotage haunted the presidency of Richard M. Nixon, who distrusted the "New Deal" bureaucrats (Rourke 1992). However, as it should have been clear from the discussion in Chapter 1, the United States president cannot politicize the bureaucracy as widely as its Argentine counterpart can.

model the bureaucracy as she deems fit, as demonstrated in the previous chapter. Therefore, the US-like “labored transition” does not take place and a high number of appointments are issued during the President’s first months in office.²⁷

It is not surprising then if days after the ceremony hundreds of appointment decrees are enacted. These appointments are the ones the incoming president values more and the ones that respond to the need for political control (Scherlis 2009: 137). Reasonably so, the sooner the president fills an agency, the more central to her agenda the former is. These promptly filled positions are the choke points, the priority positions for a given administration. President Eisenhower’s team, for example, focused on 131 policy positions and the Reagan administration had identified 87 positions that were crucial for daily business (Lewis 2011: 55).

The presidential term dynamic, therefore, expects that the immediate days after a president took office, appointments will take place. The emphasis of the presidential term explanation is on the “time” variable. The closer the inauguration day, the more appointments there will be. As time goes by, fewer appointments will take place, other things equal. This reflects the process by which the President gets control of the bureaucracy. Moreover, it is reasonable to expect that if the transition took place between different parties, appointments will be more significant.

More appointments should be expected in the Fernando de la Rúa’s administration, which started in 1999. The President’s party, the *Unión Cívica Radical*, had been out of power for ten years. The urge for prompt politicization was high. This shows a different pattern from what it is

²⁷ It could be argued that the economic reforms during the 1990s were more likely to engender an interest in politicizing the public service (Peters and Pierre 2004: 8). However, the Menem administration in Argentina is not significantly different from previous and later administrations, as the empirical analysis in the following chapters will show.

observed in the United States. In 1993, William Clinton took office after Democrats had been out of the White House for twelve years. Qualitative evidence shows that the Clinton difficult transition was partially the result of the fact that the pool of possible appointees was small, as Carter's-era appointees were all professionals in the private sector that did not want to go back to lower salaries (Lewis 2008: 124). According to Lewis, in the United States the longer the party has been out of government the fewer appointments are observed during that party's President first year, given this attrition rate of possible appointees.

In short, and in contrast with the observed fashion in the United States, I expect that in Argentina appointment decrees will increase in the days following the taking of office by a new president, and a higher rate if the party had been out of power for considerable time, as the de la Rúa case mentioned above.²⁸

3.2.2 Inter-party (governmental) dynamics: Coalition Building

Government leaders everywhere (presidents or prime ministers) distribute a plethora of spoils and perks as political currency in exchange for electoral and/or political support. There is ample

²⁸ It is important to note that the quantitative analysis developed here is different from Lewis (2008) and therefore not necessarily at odds. While the latter studies the overall number of appointees per agency, I analyze the issuing of Presidential appointment decrees.

research on the politics of coalition making at the cabinet level under parliamentary regimes (Browne and Franklin 1973; Laver and Schofield 1990), and, more recently, even presidential regimes (Amorim-Neto 2006; Martínez-Gallardo 2014) despite previous skepticism on the ability of presidentialism of building coalitions (Linz 1990).

Bureaucratic appointments also can serve as political currency. Some studies have explored appointments in parliamentary contexts (Andeweg 2000; Christensen 2006; Huber 2000; Sotiropoulos 2004), although emphasizing the need for policy control by prime ministers, therefore applying the “principal-agent” framework to analyze the challenges of delegation, as is commonplace in the study of the bureaucracy in the United States (Huber and Shipan 2002; McCubbins and Schwartz 1984).

There is not significant research on bureaucratic appointments as coalition making. The burgeoning literature on coalition building under presidential regimes usually highlights cabinet positions but not bureaucratic ones,²⁹ following the European tradition. Bureaucratic appointments are an important political resource that presidents can (and do) distribute when working along with parties and other political actors.³⁰ The capacity to give and withhold jobs is an essential source of

²⁹ A partial exception is the excellent in-depth qualitative work by Scherlis (2009), although the latter assesses the degree to which parties appoint individuals to the bureaucracy, and not the political determinants of appointments (why or when). On the contrary, Scherlis highlights that appointments are control-driven (2009: 136). Although this can be the case, I also discuss that there are other reasons for appointments. Praça, Freitas and Hoepers (2011) study how parties allocate positions in the bureaucracy given its standing in governmental coalitions in Brazil.

³⁰ An important clarification is in order here: I understand the subject of analysis in this work as a variant of patronage, but concentrated at the upper levels of the bureaucracy. Patronage research in Latin American politics usually describes the distribution of public jobs, but usually at the lower echelons of the public sector (although the

influence in the political system. For example, there is plenty of work on the emergence and decay of the United States spoils system (Lewis 2008: 13-15).³¹ Therefore, I emphasize here that the presidential situation in the legislative arena influence not only cabinet posts but also appointments in the bureaucracy. In this respect, analogies can be made to the use of presidential executive orders in the United States, where research has shown that are used also as ways of building and maintaining coalitions (Mayer 1999) and are influenced by legislative delegation (Krause and Cohen 1997).

Naturally, party system fragmentation plays an important role here, as it does with coalition formation in Europe. More fragmented party systems need more coalition formation. Regarding bureaucratic appointments, more fragmented party systems need more of the latter as well. Following the initial classification by Sartori (1976), two-party systems will experience lower bureaucratic appointment numbers than multiparty systems.

More recently, research has shown that appointments increase under unified government in the United States (Lewis 2008; 2011). It is in this context that the President, with support of

definition of patronage provided by Scherlis (2009: 10-11) does not make this distinction). I am more interested in the patterns of bureaucratic appointments at higher levels (the so called “superior political authorities”), a process more related to European-style coalition making. The crucial distinction, I believe, is that “typical” patronage is made without any encumbrance in terms of due process and/or transparency (Scherlis 2009: 11), which needs not be the case in my subject of study. The concept of patronage is important for this dissertation, however, because the possibility of the former is the driving force behind accepting a position in the bureaucracy as they can distribute cabinet staff positions.

³¹ As the party-based patronage era ended, United States based research shifted to studies of appointments as political control rather than as means of exchange.

Congress, can maximize the possibilities of get agencies to do what the president (and the Congressional majority) want agencies to do. Not only the Congressional majority is ideologically closer to the president's position but also increased patronage available also benefits the latter. In the United States, the appointment process takes into consideration the preferences of Congress, as lawmakers are more or less sanguine on the number and destination of appointments given the effect on performance and their interests. Therefore, when the White House and Capitol Hill agree in policy, politicization increases.

In Argentina, in a context in which Congress is diminished in its capacity to oversee the bureaucracy and has no incentives to do so (as described in the precedent chapter), things are somewhat different. If the argument previously presented is true, then unified government should not have any positive effect on appointments. On the contrary, bureaucratic appointments increase under divided government as they play a role in coalition building. Given the fractionalization of Argentina's party system and the president's leverage in appointing to the national public administration, bureaucratic positions can serve as the equivalent of cabinet positions in parliamentary regimes that aim to build legislative support.³² Therefore, appointments should increase under divided government as they are used to induce political support from other parties, in an opposite dynamic as the one that takes place in the United States. This was the case in 2003, when Néstor Kirchner took office in a very weak context, with only 22% of the popular vote and lacking a majority in Congress. Kirchner immediately announced his project of a transversal political agreement which would allow the country out of the political and economic crisis. He

³² Some authors have suggested that variation in the number of secretaries and undersecretaries is the result of changes that aim to accommodate new allies in the government (Spiller and Tommasi 2007).

started to co-opt members of other parties and offered them positions in the public sector. A myriad of small center left parties, provincial parties and single legislators provided him of legislative support in Congress (Zelaznik 2012: 69). He even went further and seduced members of well-known NGOs to join his government, in a way of building the popular legitimacy that the election had not given him. By this token he appointed the leader of a well-known NGO that worked on governmental transparency and societal accountability to a newly created “Under-Secretariat for Institutional Reform and Democratic Strengthening” (“Marta Oyhanarte fue nombrada subsecretaria en la Jefatura de Gabinete”, *Clarín*, 06/26/2003) and the leader of an ecology NGO as Secretary of Environmental Protection (“Asume Picolotti”, *Página 12*, 07/06/2006).³³

The study of bureaucratic appointments as coalition making is pertinent as in Latin America (and in particular Argentina) the dynamic of coalition formation does not follow the European path. In the latter case, institutionalized party systems with more clear ideological positions allow for more neat analyses on coalition formation and the effect on legislative agendas. In Argentina, on the contrary, although support building obviously does exist, legislative agendas do not respond to coalition making (Zelaznik 2012: 63) and the benefit obtained by partners is not given by programmatic compromises but by progressive ambition, for which bureaucratic appointments are better suited. In addition, party de-nationalization (a topic I will delve in the next section) complicated the process of formal coalition making as parties are less cohesive and formed by several local factions. In addition, party labels are irrelevant. Therefore, even if a president

³³ Appointments are sometimes ways of maintaining good relationship with powerful societal/corporatist actors.

Traditionally, the General Director for Private Education is someone proposed by the Catholic Church, which owns the majority of private schools. By the same token the Secretary of Industry is a member of the powerful *Unión Industrial Argentina*, the industrial corporatist group. See Scherlis (2009: 148).

decides to forge a “formal” coalition with a party, uncertainty remains regarding the members who will add to the coalition or when will partners abandon the coalition, as parties do not serve effectively as guarantees of transactions (Feierherd 2012). The de-nationalization of parties makes them less suitable to process the dynamics of coalition making and complicates the process of inter-party negotiation. In such a context, bureaucratic appointments can become better tools for building support. The latter allow for individual politicians to build their political power, away from the legislative arena (where coalition building takes place under parliamentary regimes) which traditionally receives less attention under presidential governments.

3.2.3 Intra-party (organizational) dynamics: holding up together

*“Parties cannot hold together if their workers do not get the offices when they win”
George Washington Plunkitt (member of the Tammany Hall machine, quoted in Lewis 2011: 56)
“I had a hungry party behind me”
President Grover Cleveland, quoted in Geddes (1994: 131)*

In addition, there is indeed a patronage component in bureaucratic appointments. Grover Cleveland was not the only president with a hungry party behind him. On the contrary, hungry parties are widespread. Patronage demands are important determinants of bureaucratic appointments. This factor is closely linked to party organization dynamics.

In short, I argue in this section that bureaucratic appointments are related to a coalitional logic, but with an intra-party rather than inter-party dynamic.³⁴ In Argentina bureaucratic appointments serve as a way of holding together a much fractionalized party. This aspect is related to the increasingly de-institutionalization of parties and the party system in Argentina,³⁵ which brought decreased levels of party nationalization. In this respect, then, spoils system serves a territorially fractionalized party.

I am relating two different but related concepts (at least in federal systems): Party Institutionalization and Party Nationalization. In Argentina, the pattern of party (de)institutionalization has been affected by party (de)nationalization.

These concepts have not been studied together, however. “Party institutionalization” is a concept that possesses many components. At a first glance it is easy to perceive that Latin American parties are, compared to their European counterparts, less institutionalized (Mainwaring and Torcal 2005): more loosely organized, less neatly aligned along a left-right continuum, more volatile, short lived and therefore usually younger. However, many analyses still differ on what exactly is under scrutiny when studying institutionalization and different pieces of work highlight different aspects of the concept at different times.

³⁴ As suggested earlier, I am not concerned with patronage at the lower levels of the bureaucracy which is obviously a way of strengthening party organization, rewarding activists (Panebianco 1988). Here, I look at appointments at the upper levels.

³⁵ Despite the fact that, comparatively, Argentina’s party system was considered by scholars (at least until the late nineties) as moderately institutionalized (Coppedge 1998; Mainwaring and Scully 1995).

Huntington's notion of institutionalization consisted on "value and stability" (Huntington 1968: 12). Although this definition is at first of little empirical use, he identified four components of institutionalization (not solely related to parties): adaptability, complexity, autonomy and coherence.³⁶ On a similar vein, Polsby (1968: 145) highlighted differentiation from the environment, organizational complexity and universalistic (rather than particularistic) criteria for conducting business (along the lines of Weber's rational versus traditional/charismatic legitimacy). These pioneering works are embedded with the Modernization Theory, as their emphasis on differentiation from the environment and organizational complexity suggest.

On their side, Ragsdale and Theis (1997: 1282) define institutionalization as the process by which the organization attains stability and value as an end in itself. To "institutionalize" is, then, to infuse with value beyond the technical requirements of the task at hand. By this token, the organization is no longer a mechanistic entity (easily altered or eliminated) and it survives various internal and environmental challenges, achieving self-maintenance (Ragsdale and Theis 1997: 1282). In addition, as an organization institutionalizes, it acquires a distinctive "personality": a distinctive identity, a way of acting.

In their study of the United States presidency, Ragsdale and Theis (1997: 1284) operationalize the concept of institutionalization as autonomy (its "well-boundedness": the independence of the presidency from other units), adaptability (the longevity of units in the presidency), complexity (the differentiation of subunits and staff in the office) and coherence (the

³⁶ There is a theoretical *non-sequitur* in Huntington's definition, as the four dimensions might not be identical to the value and stability notions. The former fails to grasp many aspects in which different organizations differ in its level of institutionalization. The Peronist Party is able to infuse value and its electoral record is stable, although there is consensus on its low levels of institutionalization. More on the Peronist Party will follow.

manageable volume of work). They specify an external and internal component of institutionalization, absent from Huntington definition. The former include the autonomy and adaptability notions, while the latter contains complexity and coherence. According to Ragsdale and Theis, it is only when all four indicators reach high level that the organization can be labeled as an institution.

The notions presented by Huntington and Ragsdale and Theis are of little use for a discussion of party institutionalization. As an example, Ragsdale and Theis assert that an indicator of autonomy is the organization's budget and declare that "the larger the budget is, the more stable the organization" (Ragsdale and Theis 1997: 1286). This claim is of dubious validity when talking about parties, whose sources of funding are always external (the state) and usually lack large budgets, even when dealing with institutionalized parties. In addition, the discussion of autonomy is misleading when discussing parties, as many non-autonomous parties (such as parties linked with the Church or labor unions) can be much "institutionalized".

Of more use is the idea of complexity. As an internal aspect of institutionalization, complexity marks an organization's increased division of labor and specialization. This differentiation makes it harder to dismantle the unit, thus improving its stability.

Subsequent studies on parties somewhat forgot the idea of institutionalization, as system theory was at the top of theoretical concerns. Therefore, Sartori (1976: 310) differentiated between fluid and structured party systems but did not delve much in the topic. Panebianco (1988) understood institutionalization as more or less a synonym for "solid", emphasizing the process by which the party becomes an end in itself. He highlights both the "systemness" or interdependence among sectors and the autonomy vis-à-vis its environment.

Some Latin American cases present challenges to the concept of institutionalization, as parties in the region might be reified in the voter's mind and/or be autonomous from external forces³⁷ and yet possess loose internal organizations and contested internal rules, as the Peronist Party and the Mexican PRI cases show (Levitsky 1998; 2003). The concept was therefore refined. Mainwaring and Scully (1995:19) distinguished between "institutionalized" and "rudimentary" party systems. The indicators used to build the definition include electoral volatility, difference between presidential and legislative vote share, intensity of partisan identification, strength of the link between parties and social organizations, parties' age, popular legitimacy of parties and internal party organizations vigor. Levitsky (2003) concentrates on the latter: an institutionalized party includes stable, well defined and well known rules and internal procedures; and that the latter correspond to the real functioning of the party. If so, rules are routinized and party is institutionalized.

Although this definition is more useful to analyze how Latin American parties behave, empirical work is difficult as data collection is problematic. Consequently, empirical research on the concept has concentrated on some aspects only. For example, Coppedge (1998) emphasizes party volatility as the central aspect of institutionalization given data-gathering considerations. Mainwaring and Torcal (2005) also underline volatility, although they include both a programmatic/ideological and personalism dimensions. The latter (2005: 143) includes the

³⁷ I do not find this emphasis on autonomy (influenced by sociological accounts of modernization theory) very illuminating. Labor parties might be institutionalized in an organizational way and yet be tied with labor unions, making them less autonomous.

question of ideological connection between voters and parties as a component of voter rooting in society. Finally, Pérez-Liñán and Mainwaring (2005) include only party age.

From a theoretical point of view, Randall and Svåsand (2002: 7) consider party institutionalization in both its internal (relationship between parties themselves) and external components (party relationship with society). Their “systemness” concept, however, does a better job in capturing the situation in Argentina, as they define the latter as “the increasing scope, density and regularity of the interactions that constitute the party as a structure” (Randall and Svåsand 2002: 13), which includes the formalization of an internal structure. However, the concept does not capture adequately some features present in Latin American politics,³⁸ as they admit. In particular, the problem of internal factionalism and how factions can sometimes compete directly against the party leadership by forming short-lived, “flash” parties. This is a common trait of Argentine politics.

Party nationalization, however, has not been considered a component of party institutionalization (Caramani 2000; Chhibber and Kollman 2004; Schattschneider 1960) although more institutionalized parties ought to be more nationalized parties, unless dealing with specific regional forces. The literature identified two components of party nationalization: static/distributional and dynamic (Schattschneider 1960; Morgenstern, Swindle and Castagnola 2009). The former explores the level of vote homogeneity, the degree to which there is (un)equal distribution of a party’s votes among several federal sub-units. The latter, on the other hand, is

³⁸ Although some of these features (such as factionalism/little cohesion) are indeed very common in Latin America, they do not happen exclusively there, as the Japanese Liberal Democratic Party example shows (Scheiner 2005)

interested in if a party's vote share change uniformly across time (Morgenstern, Swindle and Castagnola 2009: 1322).

For this work's purposes, the static/distributional component is central. Nationalized parties in this dimension are more unified (Jones and Mainwaring 2003) and more disciplined (Amorim-Neto and Santos 2001; Morgenstern, Swindle and Castagnola 2009: 1324). Unification and discipline in turn affects how parties target national funds transfers (Jones and Mainwaring 2003: 144). This logic also applies to bureaucratic appointments. Less unified parties need to use the public bureaucracy as way of keeping the party together, as they do with public funds (at one point, bureaucratic appointments and public funds can be the same thing).

This discussion is relevant as Argentina's parties are now loose confederations of provincial (sub-national) parties (Leiras 2007: 97) after a strong process of party de-nationalization that started in the nineties.³⁹ The weakening of traditional party organizations resulted in an internally highly fractionalized party system.

Federalism exacerbated this process, as it did in other countries (Chhibber and Kollman 2004). As a result, local factions might not support the national candidate (as happened to Duhalde in his failed 1999 bid for the presidency) or a same party competes with different candidates (and, therefore, local parties do not align behind one sole candidate), which was the case in 2003, when Peronism presented three candidates. As a result, individuals reach the Presidency not with an institutionalized and supportive party behind them but as leaders of a sub-national faction with a campaign heavily based on media appearances but not on a wide party labor-intensive activity. In

³⁹ This process has been encouraged by the administrative, fiscal and political decentralization that the country underwent since the late seventies (see Falletti 2005).

the past the national party organizations did play a role in Argentine politics. It more or less coordinated the overall election efforts and had a say in electoral strategies. Party officials provided personnel and organizational expertise.

The president's personal staff has assumed campaign dominance, its members taking major responsibility for providing expertise pertaining to voter mobilization, campaign strategy, spending, and policy and media relations. In Argentina, provincial factions (and not the party) are the ones in charge of running and funding electoral campaigns (Levitsky 2003: 97). As such, when the individual who won the elections arrives at the presidential palace, he is surrounded by aides who follow him from his province but not the rest of the party (Cheresky 2006: 39).⁴⁰

There is plenty of evidence on the fact that given the electoral system (which places the individual lawmakers fate in the hands of local party bosses) and the candidate selection mechanisms (which gives local parties and not the national one the decision on which individuals staff the closed lists) Argentine legislators respond to local (provincial) interests rather than a national party authority and that local dynamics are better suited to explain congressional behavior (Benton 2003; Jones 2002; Jones and Hwang 2005; Jones, Saiegh, Spiller and Tommasi 2002). Lawmakers' objective is to advance their own political careers which in turn depend on these provincial leaders and not in the president or any other national figure. This results in many provincial factions which might not get along very well. Indeed, factions sometimes compete against each other electorally, and might subsequently re-merge. This is commonplace especially

⁴⁰ As Juan Manuel Urtubey, current governor of Salta, stated, "platforms are made by each candidate's group, not by the party" (quoted in Leiras 2007: 86).

within the *Justicialista* (Peronist) Party⁴¹ but also takes places in the only other national party, the *Unión Cívica Radical*. By this token, Argentina is an example of a specific case of low static/distributional nationalization (Jones and Mainwaring 2003: 150).

In Argentina, factions that originated in the same “mother-party” sometimes compete among each other’s. Local branches of the party respond differently to the national label depending on the benefits obtained from doing so, a pattern consistent with findings in European parties (Thorlakson 2009). Sometimes the same label does not compete homogeneously across all districts, given different coalitions that provincial parties forge. For the untrained eye, a given election shows the competition between various flash parties, some of them created *ad-hoc* for the election. However, a careful tracing at the individual level shows that many are factions of the Peronist and (to a lesser extent) the Radical Party, typically of a geographic nature, i.e., they are factions led by a provincial *caudillo* that for some reason it did not agreed with the other(s) faction(s).⁴² Moreover, the factions that competed in a given election might run together two or

⁴¹ As an example, Levitsky (2003) illustrates how the *renovadores* and the *ortodoxos*, which had run against each other in 1987, realigned under Menem’s leadership as soon as he won the Presidency in 1989.

⁴² An example is the 2003 presidential election. Three different sub-national factions of the Peronist Party competed against each other: The Menem, Kirchner and Rodríguez-Saá factions, each of them very strong in different areas of the country where the leaders had been or were governors at the time (The Northwest, Patagonia and Cuyo, respectively) (Calvo and Escolar 2005: 225). The three factions had different national legislative delegations. One month after the election, the Menem delegation in Congress was already part of the Kirchner delegation and competed together in 2005. The Rodríguez-Saá faction is still not part of the Kirchnerite coalition in Congress.

four years later.⁴³ Peronism is, therefore, crossed by territorial cleavages.⁴⁴ Although the party can show a very unified aspect when there is a strong leadership occupying the presidency (as in the 2007 and 2011 presidential elections), it can also present itself (and directly compete) as a group of sub-national factions (as in the 2003 presidential and 2009 congressional elections and probably the 2015 presidential election).

The static component figure therefore varies, as major parties' vote shares sometimes do vary widely across provinces, but not always. The underneath logic, however, remains unchanged. The perennial claim by speaker Tip O' Neill that in the United States "all politics are local" travels reasonably well to Argentina. Local electoral politics are very strong, with heterogeneous district characteristics and different appeals in each district, although the heterogeneous component somewhat diminishes in presidential elections, as can reasonably be expected.⁴⁵

Aggregating and coordinating all these factions is complicated in the face of weak ideological ties. These factions usually divide themselves in Congress. During the Menem, Kirchner and Fernández de Kirchner administrations, for example, alignment problems within the Peronist party were common and especially profound under the last two. As an example, between the years 1997 and 1999, the Peronist delegation in Congress broke in two while a Peronist

⁴³ In addition to this pattern, Argentina has relatively strong exclusively provincial parties, which helps explain the "low nationalization" index obtained in Jones and Mainwaring (2003).

⁴⁴ This has consequences for sub-national democratic politics. As authors have suggested (Gervasoni 2010; Gibson 2004), many of Argentine provinces enjoy less than democratic regimes. Authoritarian governors seal their territories with "boundary controls" that prevent national coalitions to "invade" their polities.

⁴⁵ This does not mean that Argentine population is heterogeneous in any significant dimension, although differences obviously do exist. This is more the result of decentralized political structures than any other single reason.

occupied the Presidency, and continued divided between 1999 and 2001, when the party was in opposition. In addition, in 2005, a conflict between the kirchnerist (after then President Néstor Kirchner) and duhaldist (after former President Eduardo Duhalde) wings of the party resulted in the removal of the duhaldist party's legislative chief (and therefore the Chamber's majority leader) and a formation of a separate duhaldist delegation in Congress (Zelaznik 2012: 69). Immediately before that, during Kirchner's first two years as President (2003-2005), he lacked a party delegation in Congress which was "genuinely affined with his projects" (Cheresky 2006: 32), despite the fact that, nominally, his party enjoyed a majority in both chambers. In 2005, "kirchnerite" labels competed in fifteen of the twenty-four districts, which mean that in the remaining nine districts local leadership did not respond directly to President Néstor Kirchner. The latter acknowledged this ideological vacuum when he noted that "if you ask me what is Peronism ideology, I would answer: an immense confederation of provincial parties with very precise local leaderships, sometimes contradictory and mutually exclusive" (Cheresky 2006: 49).

Consequently, Presidents need to build up the support of the rest of the party (Leiras 2007: 54), securing the support of factions that competed against the president in the previous election⁴⁶ and that might be ideologically very distant, a distinctive Peronist characteristic (Levitsky 2003: 215). In this respect, Peronism functions as a "market" in which leaders have to buy the support of electoral machines (Leiras 2007: 89), a process that also works as a way of compensating defeated factions. Despite Kirchner's persistent claims of his desire to build a new political force,

⁴⁶ This exactly happened to Néstor Kirchner as soon as he took office in a acute minority position. Not only he had to appoint many *duhaldistas* (followers of previous president Eduardo Duhalde) as means of gathering support, but also had to forge a coalition in Congress with the *menemista* lawmakers, who had recently competed in the 2003 election against him. See Bonvecchi and Zelaznik (2006) and Zelaznik (2011).

he never ceased in building support from the party through distribution of bureaucratic appointments. By this token, presidential coalitions have moved its center of gravity from the national to the local arena (Calvo and Escobar 2005: 48).

It has been demonstrated that federal transfers and public employment are a very significant way by which Argentine presidents secure support⁴⁷ (Calvo and Escobar 2005: 140-1; Calvo and Murillo 2002). As I will demonstrate in this work, bureaucratic positions are also a very important tool for building support in a context of a federalized party. Indeed, bureaucratic appointments serve as a way to build political support within the party. If the coalitional logic mentioned above describes the “European” way of political support building (by appointing other party leaders or members in positions in the cabinet/bureaucracy), this dynamic is more “Latin American”. The latter dynamic is intra-party rather than inter-party. This is consistent with findings that centralization of resources in federations creates an incentive for national party aggregation (Chhibber and Kollman 2004). By this token, bureaucratic appointments, as I demonstrate, are one of those “incentives” to build aggregation.

It is interesting to note that scholars have shown that party weakening in the United States had the opposite effect. It has allowed the president to forego party interests when deciding party appointments (Lewis 2011: 54). Moe (1985: 239) suggested that presidents deploy an appointment strategy that aims to strengthen the executive’s position by means of seek control over the structures and processes of government. As modern presidents are held accountable of everything from the economy to disaster response, they work to rearrange the whole administration in order

⁴⁷ As one analyst put it, “politics is done with the National Treasury behind” (Quiroga 2006: 84). See also Leiras (2007: 118).

to meet these demands, reinforcing competence and loyalty. This process is labeled by the author as “responsive competence”. Under this perspective the executive branch profits from the party relative weakness.

Evidence suggests that appointments in Argentina are intrinsically different. As presidents need to fortify their leadership within the party, appointments are distributed as selective incentives (Panebianco 1988) to other factions in a process similar to *feudalization*. In other words, other (usually provincial) factions receive portions of the state in exchange for political support and to guarantee that a given machine will “play” with the president (Leiras 2007: 118-119). The presidential appointee then appoints “his people” on lower echelons of the state apparatus, at the technical and service level. If nothing dramatic happens (such as a corruption scandal or any significant event that puts the media spotlight on the given agency), the president acknowledges the other faction sovereignty over that area in terms of staff and constituency service and “lives and let’s live”. Bureaucratic appointments are very valuable in this respect. The agreements that undergird these exchanges are very difficult to specify, oversee and therefore, presidential coalitions are very fragile, unless maintained through real resources (Leiras 2007: 120).

The president, then, rules among competing factions who manage different agencies. She will be able to remove any appointee if she considers fit, but at the risk of alienating a political faction. The removal might hurt the president’s coalition, depending on her strength. By this logic, the relationship between appointee and appointer can be characterized by “benign neglect” (Wilson 1995: 199). With the exception of a handful of key agencies, executives do not delve a lot in agencies that are not central to presidential power.

The relationship between different factions can sometimes be less than friendly. The president will usually try to keep open disputes to a minimum and stand in equilibrium, without openly supporting one faction over the other.⁴⁸

This process is more acute when the president is in a situation of electoral fragility, such as the de la Rúa administration (1999-2001); the Duhalde administration (2002-2003) and the first years of the Néstor Kirchner administration (especially 2003-2005) and the last years of the Fernández administration (since 2013). In these cases the figure of the president is less an arbiter above competing factions to become a *primus inter pares*, a figure slightly above the figure of the Minister. The latter was the case of the first years of the Néstor Kirchner administration, when he had to appoint important members of the Buenos Aires faction of the Peronist Party and keep Roberto Lavagna as Minister of Economics (who was appointed by previous president Eduardo Duhalde) given the weakness of Kirchner's administration and Lavagna's own prestige. Lavagna was the only responsible for appointments in his Ministry and the president could not intervene there.

As soon as Kirchner strengthened his position over Duhalde (winning the 2005 legislative election and beating the latter's faction) he got rid of Lavagna and appointed loyalist Felisa Miceli as Minister.

⁴⁸ Under the Néstor Kirchner and early Fernández de Kirchner administrations, the government was divided between the "Penguins" (who came from the Kirchner's Patagonian province of Santa Cruz) and the "*Albertistas*" who followed Chief of Cabinet Alberto Fernández, a figure from the Justicialista Party in the City of Buenos Aires. As Scherlis (2009: 129) shows, although the dispute for presidential favor was fierce and the personal relationship between both was cold, factions recognize the leadership of the president.

Nevertheless, some previous research suggested that party organization and the need for party unity is not the main reason behind bureaucratic appointments and has been dubbed “largely irrelevant”. The reason for this assessment is the relatively weakness of party organization in Argentina (Scherlis 2009: 150). However, this can be true with appointments at lower levels of the bureaucracy. At the latter level, appointments serve as a way of rewarding activists, as it has been shown is the case in European contexts (Panebianco 1988). In a context of non-existent activists (as campaigns are more media based rather than labor intensive), appointments at the lower echelons of the bureaucracy might seem irrelevant. Indeed, as one expert on public administration has stated, “from undersecretaries downwards, whom everyone appoints has little to do with a party and much more with acquaintances and networks of affinities” (quoted in Scherlis 2009: 161).

But bureaucratic appointments at the mid and high levels of the public sector do depend on questions of party organization; and, more specifically, party nationalization. The lack of a strong party organization and subsequent de-nationalization is precisely the reason why bureaucratic appointments are a powerful tool for presidential support building.

There is another proposed logic that explains the relationship between party institutionalization and appointments. According to Panizza, Peters, Ramos and Scherlis (2015), in more institutionalized parties the president is an agent of the party and hence has less latitude for appointing personnel. On the contrary, in less institutionalized parties the president is given discretionary power to appoint.

3.3 EVIDENCE FROM CABINET APPOINTMENTS

At this point, some qualitative data might be useful to demonstrate this point. In order to underscore the dynamics by which the president appoints individuals, I will concentrate my attention on cabinet appointments. Although a more thorough examination would require tracing the factional adherence of all appointees, this is a daunting task. Therefore, I will illustrate this dynamic with the cabinet-level appointments.

As I mentioned above, in 2003, Néstor Kirchner took office as President of Argentina in a unique context. With only 22% of the votes in the first round, he acceded to the office as former President Menem (who had come first in the first) stepped down, knowing he was facing a sure defeat. Néstor Kirchner was the leader of a very small faction within the *Justicialista* Party. He was the relatively unknown Governor of Santa Cruz, a very sparsely populated Patagonian province. As such, he was an outsider from the powerful Buenos Aires based party machine, who responded to his antecessor Eduardo Duhalde, who had nominated Kirchner.

The data on cabinet appointment confirms that cross-factional appointments are the norm when presidents need to build power. Table 1 shows Kirchner's first cabinet appointments.

Table 1. Nestor Kirchner's cabinet members in 2003

Portfolio	Individual	Province of origin	Had been part of national government	Political activity in another party	Cabinet member in previous government	Previous activity with Kirchner	Pure Kirchnerist
Chief of Staff	Alberto Fernández	Buenos Aires City	Yes	Yes	No	Yes	Yes?
Interior	Aníbal Fernández	Buenos Aires Province	Yes	No	Yes	No	No
Foreign Affairs	Rafael Bielsa	Santa Fe	Yes	Yes	No	No	No
Defense	José Pampuro	Buenos Aires Province	Yes	No	Yes	No	No
Economy	Roberto Lavagna	Buenos Aires City	Yes	No	Yes	No	No
Infrastructure	Julio De Vido	Santa Cruz	No	No	No	Yes	Yes
Justice	Gustavo Béliz	Buenos Aires City	Yes	Yes	Yes	No	No
Work	Carlos Tomada	Buenos Aires City	Yes	No	No	No	No
Health	Ginés González	Buenos Aires City	Yes	No	Yes	No	No
Social Development	Alicia Kirchner	Santa Cruz	No	No	No	Yes	Yes
Education	Daniel Filmus	Buenos Aires City	No	Yes	No	No	No
General Secretary	Oscar Parrilli	Neuquén	No	No	No	Yes	Yes
Legal Secretary	Carlos Zannini	Santa Cruz	No	No	No	Yes	Yes
Intelligence Secretary	Sergio Acevedo	Santa Cruz	No	No	No	Yes	Yes

The table shows a series of variables for each minister. “Province of origin” is self-explanatory and tries to capture regional factions. As said before, Argentine parties organize themselves territorially, and the *Justicialista* Party is a confederation of regional parties that usually obey the leader when it is occupying the Presidency. Of fourteen cabinet positions, only four were from his hometown province, and were part of his inner circle, (which includes his sister, Alicia and his former lieutenant governor, Sergio Acevedo).

This variable is strongly correlated with “previous activity with Kirchner”. Had his ministers previously worked with him? Were they part of his team while he served as Governor of Santa Cruz (1991-2003)? Only the natives of Santa Cruz plus Alberto Fernández and Oscar Parrilli had worked with Kirchner, although in this case for much a much reduced period of time than the Santa Cruz natives.

Santa Cruz had been away from the political limelight before Kirchner. In other words, it had not been a recruitment arena for national politics as larger and visible districts are, such as the Buenos Aires province the Federal District (Buenos Aires City) or the bigger and important provinces of Córdoba or Santa Fe. I tried to capture this fact by considering whether the cabinet members had been part of the national government and the cabinet before. Typically, the Kirchner inner circle had only worked as politicians in Santa Cruz. If a cabinet member had been part of the national government in some capacity, this is probably evidence of being part of a different political faction as the Kirchner’s. As it can be seen, the Santa Cruz natives had not been part of any national administration before. This is obviously related to the question if they had served in the cabinet before. Five cabinet members had been ministers before. Three of them (Aníbal Fernández, José Pampuro and Ginés González) were considered “duhaldist” and as a matter of fact had been occupying positions in the latter’s cabinet and continued to serve under Kirchner. Roberto

Lavagna had also been Economy Minister under Duhalde, although he had a more technocratic rather than political profile. These four individuals were inherited as ministers by Kirchner, as soon as he took over from Duhalde. Gustavo Béliz had been Interior Minister under the Menem administration and later formed his own political party. All of them were evidence of pluralism towards different branches within the party.

Finally, the “political activity in other party” variable tries to capture if Kirchner had made an effort of reaching out to other political forces in a European coalition-making fashion, although this measure might be misleading in many cases as it is very common in peronist politics for leave the party and form a new one if annoyed at the leadership and return eventually. Four ministers (Fernández, Béliz, Filmus and Bielsa) had participated or formed other parties at some point in their political careers. With the exception of Filmus, all of them did so as dissident peronists and their trips out of the party were short-lived, as describes by Levitsky (2003).

In the end, only six ministers were part of kirchnerism inner circle. These are individuals that accompanied him during his tenure as Governor of Santa Cruz, which were new in the Buenos Aires politics and two other individuals (Zannini and Fernández) who supported Kirchner at the beginning of his presidential bid.⁴⁹ With these two exceptions, his inner circle had not had any previous national political experience and literally moved to Buenos Aires with him. Following the logic espoused in this work, the other ministers were part of different factions within the party and henceforth had previous experience as ministers. But they did not know Kirchner personally,

⁴⁹ The case of Fernández is interesting. Besides his early decision of supporting Kirchner (an unknown candidate then), all other of the indicators seem to suggest he should not be considered a kirchnerist. In the end, he left the government in 2008 annoyed at some of the government’s measures and became a staunch opponent and fierce critic of the Cristina Fernández de Kirchner administration.

had not worked with him and are best considered concessions to other blocs to gain wider party support (especially duhaldism, who controlled, as said, the powerful Buenos Aires party machine). Aníbal Fernández, José Pampuro, Roberto Lavagna and Ginés González were the continuity from the previous Duhalde administration.⁵⁰ Carlos Tomada, Rafael Bielsa and Daniel Filmus were at the time considered outsiders from the Kirchner inner circle.

If we compare the cabinet in 2003 with the cabinet in 2011 some differences appear. Table 2 shows the cabinet in 2011.

Table 2. Cristina Fernández de Kirchner cabinet members in 2011

Portfolio	Name	Province of origin	Had been part of national government	Political activity in other party	Cabinet member in previous government	Previous activity with Kirchner	Pure Kirchnerist
Chief of Staff	Juan Abal	Buenos Aires City	No	Yes	No	Yes	Yes
Interior	Florencio Randazzo	Buenos Aires Province	No	No	No	No	No?
Foreign Affairs	Héctor Timerman	Santa Fe	No	No	No	Yes	Yes
Defense	Arturo Puricelli	Santa Cruz	Yes	No	No	Yes	Yes
Economy	Hernán Lorenzino	Buenos Aires City	No	No	No	No	Yes
Industry	Débora Giorgi	Buenos Aires City	Yes	Yes	No	No	Yes?

⁵⁰ As a matter of fact, with the exception of Fernández, all three of them left the government as Kirchner held a grip over the party. In the case of Fernández, he ostensibly reversed his loyalty to Duhalde, denying his previous loyalty to him.

Tourism	Enrique Meyer	Santa Cruz	No	No	No	Yes	Yes
Infrastructure	Julio De Vido	Santa Cruz	No	No	No	Yes	Yes
Public Safety	Nilda Garré	Buenos Aires City	No	Yes	No	No	?
Justice	Julio Alak	Buenos Aires Province	No	Yes	No	No	No
Work	Carlos Tomada	Buenos Aires City	Yes	No	No	No	No?
Health	Juan Manzur	Tucumán	No	No	No	No	No
Social Development	Alicia Kirchner	Santa Cruz	No	No	No	Yes	Yes
Education	Alberto Sileoni	Buenos Aires City	Yes	No	No	No	Yes?
Science and Technology	Lino Barañao	Buenos Aires City	No	No	No	No	Yes?
Culture	Jorge Coscia	Buenos Aires City	No	No	No	No	Yes
Agriculture	Norberto Yauhar	Chubut	No	No	No	No	Yes
General Secretary	Oscar Parrilli	Neuquén	No	No	No	Yes	Yes
Legal Secretary	Carlos Zannini	Santa Cruz	No	No	No	Yes	Yes
Intelligence Secretary	Héctor Icazuriaga	Santa Cruz	No	No	No	Yes	Yes

In 2011, Cristina Fernández won reelection with 54% of the vote and by a margin of more than 37 percentage points from her immediate competitor, socialist candidate Hermes Binner. She had taken office as President of Argentina in 2007 after her husband decided not to run in that same year. Due to many years of continued economic growth and opposition dispersion, she was able to win reelection in 2011 by such a landslide.

Her cabinet in 2011 shows a significant decrease in the ministers with evident affiliation to other factions within the Party and an increase in individuals with no prior linkages to party bureaucracy previous to the Kirchnerite leadership in it.

According to my coding, only Justice Minister Julio Alak and Health minister Juan Manzur could be considered outsiders. Although the former had not been part of federal government or a cabinet member previously, he had a significant political career at the local level before, as mayor of La Plata, the Buenos Aires provincial capital. Juan Manzur also has a significant political experience at the local and provincial level before serving in the cabinet. A native of Tucumán, Manzur is a way of including in the coalition the powerful governor of that province, José Alperovich.

In addition, Interior Florencio Randazzo also had a political background independent from the Kirchners. He had been provincial house member and served in cabinet positions in the Buenos Aires province (state level). However, at time of this writing, he is campaigning as the pure kirchnerist in the Peronist party primaries. However, my coding suggests that he, in case of being elected, would be an autonomous candidate as he is not the typical “kirchnerist”.

Her Santa Cruz-born inner circle continues to serve in the administration (her sister-in-law Alicia Kirchner and ministers De Vido, Zannini and Parrilli). More individuals from Santa Cruz joined the administration: Enrique Meyer (Tourism), Arturo Puricelli (Santa Cruz) and Héctor Icazuriaga (Intelligence). With the exception of Mr. Puricelli, Débora Giorgi and Alberto Sileoni, none of the cabinet members had had any experience in the federal government (Rafel Bielsa and Carlos Tomada had only kirchnerist government experience). This means that they did not serve in the previous administrations of Carlos Menem (1989-1995), Adolfo Rodríguez Súa (2001) and Eduardo Duhalde (2002-3), a fact that illustrates their status as newcomers to national politics, with no affiliations to other factions in the party. Ms. Giorgi comes from the opposition Radical Party, but her appointment hardly qualifies as a coalition building strategy towards the former. The interrogation mark suggests her background does not suggest that she qualifies entirely as a pure

kirchnerist, although she behaves as one. Mr. Sileoni had previous experience but in a very technical position and he does not qualify as a member of a different faction from the party, although he might not have the background of the pure kirchnerists. I also labeled Mr. Sileoni as pure kirchnerist with interrogation sign. The same logic applies to Lino Barañao, Minister of Science and Technology. Although his coding would imply a pure kirchnerist (no previous experience in government) he is a rather more technocratic appointment.

Carlos Tomada (Labour Minister) is now considered partial kirchnerist (“Yes?”). Although this might seem arbitrary, he was a newcomer to government in 2003 but with no specific kirchnerist affiliation. Given he has been serving non-stop since 2003, I labeled him as not a pure kirchnerist in the previous table, as he did not was from the inner circle. His personal background before 2003 obviously continues to be the same in 2011, but at this point he had eight years of service for the Kirchners. Therefore, he might be considered a kirchnerist by now. This explains the “no?” categorization. Ms. Nilda Garré and Mr. Juan Abal are also particular (the former being the latter’s stepmother). They both come from the party’s left wing (Abal is the nephew of former member of *Montoneros*, Peronist urban guerrilla members) and had left to center-left FrePaSo party in the nineties, when Menem steered the party towards the right. This explains the coding of “Yes” in “political activity in other party”. However, and although both have their own political gravitas, they cannot be considered either as members of different factions within the party. On the contrary, the former *Montoneros* tend to identify themselves as kirchnerists.

All other ministers are safely considered pure kirchnerists. This means individuals who owe their political careers to Kirchner and his wife and therefore are not concessions from the President to other factions of the party. Examples of such as Héctor Timerman, Hernán Lorenzino,

Norberto Yauhar and Lino Baraño. These are political figures that lack any political gravitas away from the President.

At a minimum, more than 60% of ministers are pure kirchnerists. If we include in this figure the technocratic ministers and figures such as Tomada (who had been serving for eight years with the administration) this number increases to about 80%. Only Florencio Randazzo (who, nevertheless, campaigned in 2015 as the pure kirchnerist candidate), Juan Manzur (Health) and Julio Alak are ministers who do not respond in one way or another to the direct kirchnerist influence. Nilda Garré could also be in this non-kirchnerist position, although she had ideological coincidences with Cristina Fernández and personal affinities. This figure contrasts with the meager 40% of the cabinet that responded directly to Néstor Kirchner in 2003.

I conclude saying that the preliminary evidence presented here illustrates the theoretical predictions presented earlier. The cabinet dynamics in two different moments of the Kirchner rule show how when undergoing a phase of political weakness the cabinet works as a way of constructing intra-party loyalty. On the other hand, when the Kirchners found themselves in the driver's seat within their party, the cabinet shows a majority of newcomers, individuals with no previous loyalties and prior service to other politicians. Although more systematic work needs to be done in this promising area, it suffices now to show how the intra-party dynamic works.

3.4 CONCLUSION

In this chapter I presented three broad explanations for bureaucratic appointments. First, I argued that presidents need to appoint individuals as soon as they take office. I labeled this the “Presidential Term dynamic”. This dynamic resembles findings in the United States based literature.

Next, I suggested that appointments follow a coalitional dynamic. As Presidents find themselves in a minority, they increase appointments in order to build support. I labeled this the “Inter-part dynamic”.

Finally, I presented a third dynamic. In this one, bureaucratic appointments follow an “Intra-party dynamic”: Presidents need to hold together a party that, in the Argentine context (and due to the federal structure) is a confederation on local parties.

I presented preliminary qualitative evidence of this dynamic by comparing the cabinet formation in 2003 and 2011. In the former case, kirchnerism was undergoing a labored transition as a weakened incoming administration. In the latter case, kirchnerism was the clear leader within the peronist movement. This difference clearly results in differences in cabinet formation. Although more in-depth research is needed (in particular, analyzing the faction of origin of all appointees at the beginning of a presidential term is a very time consuming but much needed endeavor) the evidence presented here should be considered a first step in this direction.

The next logical step is to test these ideas. I will do so in chapter six. Before that, in chapter three, I will present qualitative evidence on the effects of politicization on one selected agency.

4.0 A CLOSER LOOK TO THE EFFECTS OF POLITICIZATION

4.1 INTRODUCTION

Why is all this discussion relevant? I will try to answer this question in this chapter. In short, the argument (and the qualitative evidence) presented in this chapter are intended to show that politicization does affect performance. I will present the case of AFIP, Argentina's tax collection agency that enjoyed a meritocratic administration during 2002-2009. Qualitative and case-study evidence suggests that the agency experienced a performance improvement in this period. In addition, the qualitative evidence presented here intends to illustrate the dynamics of politicization: the agency's head (Alberto Abad) arrived and left according to the politicization dynamic described above.

Measuring bureaucratic performance is extremely difficult. It is complicated to assess if an agency has fulfilled some specific task. This is particularly true for outsiders (Wilson 1995: 201). The definition of good management, for example, will possibly vary according to who is asked:

whether a bureaucrat, a citizen, a scholar or pundit or a politician. In the American Politics field, some specific research has explored individual agencies. There has been evidence in the United States that economic forecasting agencies do better with a balance between appointees and career bureaucrats (Krause and Corder 2007; Krause; Lewis and Douglas 2006). Other agency-specific research has explored NASA's responsibility on the *Challenger* tragedy (Heimann 1993), the Food and Drug Administration revision times and reputation building (Carpenter 2002; 2010) or to who is responsive a specific agency such as the National Labor Relations Board (Moe 1985b). More prominently, the politicization of the OMB has received scholarly attention (Dickinson and Rudalevige 2004/5; Heclo 1977) and sparked Heclo's now famous and forceful claim for less politicization. However, these are a very specific type of agencies and it is unclear if their findings travel well to other agencies or countries.

In addition, Argentina lacks tools such as the Program Assessment Rating Tool (a mechanism to compare agencies that was launched by the George W. Bush administration) or the Federal Human Capital Survey (a survey administered to bureaucrats across all agencies).

Given these shortcomings, this chapter's findings are not generalizable. In other words, a case study approach is hardly conducive to achieving the objective of proving that politicization affects performance negatively. I would need a huge number of such studies to provide the empirical leverage I need. However, I believe that one such study can serve a useful role as it can flesh out the ways in which politicization *can* affect performance. I previously showed qualitative and impressionistic evidence of the cross-factional scheme. I will now try to show the deleterious effect of non-professional management over agency performance and morale. This chapter, therefore, aims to show how a professionalized bureaucratic leadership that respects permanent bureaucrats *can* improve performance.

In addition, the qualitative evidence presented here intends to illustrate the dynamics of politicization. When Abad took office (early 2002), the presidency was at a low-ebb of popularity after the deep economic and political crisis of late 2001. The need to consolidate the state's fiscal structure, plus the relative weakness of the Duhalde administration (which, as explained before, allows for concessions and to an enhanced pluralism in the bureaucratic appointments) help explain the designation of Alberto Abad as head of the agency. Indeed, as a non-elected president and amidst a severe legitimacy crisis, he probably wanted to turn to non-tarnished individuals to sensitive positions (such as collecting taxes). At its turn, the Kirchner administration (as already stated) took office in an extremely fragile position, with a meager 22% of the popular vote. Therefore, following the argument presented in this work, was in no condition to appoint freely. Rather, as he did with his cabinet (in which he maintained ministers from the previous administration) the incentives were for continuity, not for radical change. In order to strengthen (or at least not weaken) his position, he had incentives to maintain the names (or at least many of them) of the previous Duhalde administration.

Although the discussion in Chapter three suggested that there is no unanimous consensus on the harmful consequences of performance, much of the discussion presented is appropriate in context in which bureaucracies enjoy a considerable degree of autonomy; and therefore more or less responsiveness can be administered by executives.⁵¹ In contexts in which bureaucratic

⁵¹ In these contexts, a strategy by which executives influence the *behavior* of the personnel already in bureaucratic positions is less costly (in terms of political capital required, wastage of personnel resources in government) (Peters and Pierre 2004: 4). As Peters and Pierre (2004: 4) note, “if the same goals can be achieved by winning over the career bureaucracy, then everyone may be better off”. However, for Argentine presidents it is even cheaper to politicize the bureaucracy.

autonomy is severely curtailed, politicization is usually pernicious. The United States might discuss more or less bureaucratic politicization and responsiveness. In Argentina, politicization has disastrous consequences. The AFIP case shows how shifting towards non-politicization can yield better results.

As Melo (2007) argues, Argentina is remarkable for despite the fact that Argentina's tax collection agency is one of the region's oldest agencies (formed in the thirties) there had not been any comprehensive reform since the fifties until the nineties. The first was Menem's restructuration in 1997, under the auspices of the Inter-American Development Bank. But it was the appointment of the Abad-led administration that provided the basis for the improvement. Until then, the tax agency was completely subordinated to the political elite. The strong professional cadre was always vulnerable to the dictates of the political interests (Bergman 2003).

Tax collection in Argentina reflects the historical incapability of the state of consolidating its bureaucratic structures. Argentina's tax situation has been labeled as "exceptional" (Melo 2007), as it is an upper-medium-income country with very low taxation level. In a group of 24 such countries, Argentina emerges as the country with the lowest tax effort. It ranks 24th, behind the oil exporters Oman (23rd) and Bahrain (22nd) (Melo 2007). According to this author, political instability is behind the inability to tax. However, recent improvements in tax collection have been considerable. In 1996, the amount collected was 44,666 million pesos, a tax share of 17.3 % of GDP. In 2006, tax collection amounted to 154,220 (23, 57%) millions. The development of strong tax agencies depends on professional and bureaucratic capacities and political leadership that are able to become serious threats to tax evaders (Bergman 2003). A combination of both lies in the successful improvement of the Argentinean agency. For one side, institutional engineering aimed to improve tax collection took place. On the other side, a strong and transforming leadership

improved the bureaucracy, applying not only professionalization in the management of personnel but separating itself from political pressures. This is consistent with the opinion of some scholars that argue that the explanation for low taxation in Argentina is political instability (Melo 2007).

4.1.1 Why study taxation?

In the present study I analyze the case of Argentina's tax agency (AFIP) as an example of professionalization and politicization. I chose this case because according to interviews held during previous fieldwork in Argentina AFIP is an example of an agency that was granted autonomy and achieved important professionalization standards. However, it was later intervened by the executive branch and therefore politicized. It was then when it lost some of the performance standards that were able to achieve. I believe that it is an ideal case to test some of my hypotheses.

In addition, I believe that there is some normative importance in the subject of taxation. This work does not dig onto them profoundly, but it is worth remembering that fiscal structure can say a lot about a country. It constitutes the crystallization of the power structure within a society and determines who bears the cost of financing such society. In Schumpeter's words, fiscal structure reflects the set of ends and means of a society. Therefore, we might be looking at a central aspect of Argentina's society (Estévez 2008; Schumpeter 1982).

In addition, the capacity of the State of extracting resources from society speaks to State capacity; and what the government does with the resources it extracts from society will determine

the health of the fiscal pact between citizens and the State (Waldmann 2003). Therefore, tax evasion not only affects the equity of the tax structure, it also profoundly has a negative effect on public financing of the State.

Furthermore, the way the tax agency is built and its performance also will have a role in the predispositions of citizens to pay taxes. According to some studies in tax culture (Esper 2008; Kidder and McEwen 1989; Torgler 2003), responsible taxpayers are found where a high level of institutionalization of the law and a satisfactory vision of the tax agency exist, even given the fact that the tax agency is only responsible for collecting taxes and not for spending the money (Feld and Frey 1997). Non-compliers, on the other hand, are the result of the evaluation of the opportunity cost of contributing. If the perception is that the agency is unable of prosecuting tax evasion then noncompliance will be high. As it can be seen, what I describe as professionalization of the tax agency speaks to these important issues. The relationship between taxpayer and the agency will be healthier is some of the characteristics I consider here as part of a “professionalized” agency (such as qualified personnel able to treat citizens correctly and courteously, non excessively difficult red tape and one that underscores a tax culture based not on coercive messages but one that highlights the benefits of a “pact” between the State and citizens).

In short, a strand in the literature on comparative tax policy suggests that rationality and the basic framework of modern tax systems lies in what is technically called "voluntary compliance": acknowledging that no State is in material and technical conditions to ensure compliance with tax obligations if it does not come from voluntary and consensual decision. This decision results from the concurrent action of factors such as: I) the agreement to contribute derived from the consensus of the population towards the role of government and II) of risk

perceived by each potential obligation to the state's ability to meet and penalize non-compliance obligations.

In Argentina, where tax culture is oriented towards non-compliance, given the broken “fiscal pact” between the State and its citizens (Waldmann 2003), the task of building a competent tax agency seemed even more daunting. In the long run, then, the task of improving the country’s tax agency has essentially to do with reinforcing the State.

It is widely accepted that the relationship between citizens and tax agency is very important when explaining tax culture in a given country (Esper 2008, Fjeldstad 2003), even when total revenue depends on many other factors that do not depend on the structure of the tax agency. In this context, the mission of tax agencies is to increase or at least maintain the level of tax compliance. In the years described in this work, AFIP worked hard on strengthening the relationship between tax agency and taxpayers.

4.2 ARGENTINA'S PUBLIC REVENUE SERVICE: A TALE OF TWO AGENCIES

Professionalization means educated and permanent human resources, dedicated full time to their job and with reasonable salaries. This has a clear impact on the performance of this agency. In the case of AFIP, this includes but certainly it is not limited to increased tax revenues. The reason for this is that tax compliance depends on many other factors, such as the tax level (which is not set by the agency) and the economic cycle. In addition, the *perception* of institutionalization by the citizenry (that institutions are able to organize society) and specific political cultures or the existence of social cohesion within a society increases the willingness of individuals to cooperate (Esper 2009). In this regard, measures such as education of street level bureaucrats, incorporation of technology and the quality of norms that organize tax compliance and specific policies of customer satisfaction (which I associate here with professionalization) also help to encourage citizen tax compliance. In short, the relationship between the citizen and the tax administration is very important in order to improve the levels of tax compliance, which, at its turn, depends on professionalization. In this work I describe the process of creation of AFIP in 1997, and the posterior process of professionalization that took place between 2002 and 2008. I go through some of the most relevant aspects of this process.

Consensus has built up on the fact that AFIP became a much more professionalized agency after some profound reforms which were characterized by the insulation from political pressures and an explicit no-appointee policy from the agency's Commissioner, Mr. Alberto Abad.

As said, Abad promoted a very professionalized and autonomous approach to bureaucratic management. As he stated in one speech, “AFIP has to produce results, be transparent, be accountable and create institutionalized organizations”.

Argentina’s AFIP during the Abad administration was characterized by meritocratic recruitment, highly trained managers, good salaries and low turnover. For example, a 2005 internal report showed that the upper echelons of the organization were proud of the high professionalism and low interference from ordinary politics of the organization and the good level of public service. In addition, these echelons showed a strong *esprit de corps*. Internal surveys on internal work environment showed that almost 90% of employees feel committed with the organization, proud and/or satisfied of being part of it. In addition, all surveys during the administration produced better results than the previous ones.

AFIP’s top management level is characterized by college level professionals, with a strong incidence of accountants. Technical training was offered to managers. In addition, they involve in academic events such as congresses and conferences.

His agenda included professionalization components, such as the location in key positions of individuals of a long career within the organization instead of political appointees. In addition, the new administration did not rely on temporary hired personnel. Last, but not least, he was able to maintain political distance with the executive for a considerable amount of time, and kept his post when a new president took office in 2003.

The administrator garnered internal support when he staffed his work team with individuals with a long history in the organization. By doing so he put an end to a tradition of a “parallel bureaucracy”, which is a common practice in Argentina’s public sector.

Traditionally, Argentina's executive intervened and appointed loyalists to the agency's top management. Although the agency's personnel were qualified, instability undermined its operations (Melo 2007). In addition, the administration leadership was highly unstable as well. Melo (2007) shows that between 1947 and 2002 the DGI had 49 directors and these averaged 1.3 years on the job. Abad served six years, a significant departure with the agency's history. He was appointed in 2002 and, surprisingly, confirmed in 2005. This gave the organization unprecedented stability. Managing levels changed frequently within the organization until the arrival of Abad.

4.2.1 AFIP before Abad

In 1997, following recommendations to improve tax collection and with international support to fund the process, three independent agencies were merged together to form the *Administración Federal de Ingresos Públicos* (AFIP), the autarchic public revenue federal administration. It brought together the previously independent General Tax Administration (*Dirección General Impositiva*), the Custom Agency (*Administración Nacional de Aduanas*) and the Social Security Administration (*Dirección General de Recursos de la Seguridad Social*). The merge unified under the same organization the task of managing the largest source of public income, controlling foreign commerce and fight tax and custom evasion. The rationale was that the fusion would bring more control and efficiency. The cases of Spain, Mexico, Guatemala, Venezuela and Chile also provided support to the decision. The new organization has 21000 employees from two very different

organizations with different cultural and organizational patterns. In general, employees from both agencies resisted the merge and looked suspiciously one at the other, as they belong to agencies with manifestly different bureaucratic cultures.

All processes of organizational change involve a transformation of some power structure and the dominant ideology (Pettigrew 2001). This also happened in this case and one critical issue was (and still is) how the agencies would respond to the challenges presented by the new organizational structure. The merge of both the *Dirección Nacional de Aduanas* and *Dirección General Impositiva* meant putting together two extremely complex organizations that existed independently from one another for decades (and centuries, as arguably something resembling a Customs Administration even predates the existence of Argentina and fight over its control explains a good deal of the civil war between the city of Buenos Aires and the rest of the country from 1820 to 1862). Furthermore, DGI has been characterized by a more technocratic and elitist *esprit de corps* that contrasts with the more operational and hands-on stance of DNA. While many of the work done by DGI consists of research and analysis of tax structure in offices in downtown Buenos Aires and in the provincial capitals (although field operations are part of its tasks), DNA agents are scattered throughout the country's vast geography, sometimes in very precarious and/or desolated frontier posts. This has permeated onto the internal cultures of both agencies, which resist and suspicion each other and in the case of DNA, this almost approaches hate. DNA considers that the creation of AFIP actually meant a takeover from technocrats at DGI, which is based on the fact that individuals coming from "taxes" (as opposed to "customs") conducted the agency from 1997 to 2008. This organizational change was decided by the authorities but not by the second lines of the organizations, and especially in the case of DNA, opposed and still oppose the merge. Therefore, the significant change described here, through which AFIP was converted

onto a highly efficient and modern organization, was achieved in a difficult context where employees were highly distrustful of the whole process. Table 3 shows the different organizational cultures within each agency.

Table 3. Different agencies culture within AFIP (Sioli and Willis 2006)

ACTIVITIES	CUSTOMS	TAXES
Focus of attention	Goods	Symbols
Opportunity	Ex ante	Ex post
Processing times	Real time, continuous	Batch, deferred time
Penalization	Criminal offense	Fine
Verificación	Selective	Selective

During the agency's first four years of existence, no Tax Commissioner was able to complete a four-year term, as the President needed to build his coalition differently. Political instability resulted in three commissioners in a time frame when supposedly only one individual should have been heading the agency.⁵²

⁵² Political instability, it should be highlighted, has been identified as the single most important explanation for the lack of a tax culture in Argentina (Melo 2007).

In 2001, former Labor Ministry Armando Caro-Figueroa was designated as Tax Commissioner. A labor lawyer without previous experience on taxes, he appointed a number of individuals from outside the organization at its upper levels. This move generated strong resistance within the agency. One of these “young turks” (as one officer labeled them) was Horacio Rodríguez-Larreta, who took office as director of the DGI. Rodríguez-Larreta landed at the DGI with a group of advisors from the Sophia Foundation, a conservative think tank with a strong “new public management” bias. A senior officer I interviewed commented:

“They were young and inexperienced in tax matters; we were told what to do and what not to do...some of us were in the DGI for more than twenty years!” (Horacio Castagnola, personal interview, July 6th, 2013).

In addition, international consulting firms were summoned for “process reengineering” within AFIP. The results of this initiative were voluminous reports on how the agency worked. They also outlined a long-term strategy.

The technocratic personnel distrusted this process and the “foreigners”. An individual with more than twenty years old in the agency bitterly pondered:

“While the diagnosis was very good and was useful later on, these guys did not understand the organization. The line (bureaucratic personnel) felt that they were being threw out of the window, that they were being invaded”.

Other comments on the process were the following:

“There were these endless meetings that were of no use, no one knew who would stay and who would leave....we all breathed a very tense atmosphere”

"We had meetings that lasted all day long where we told the consultants what we were doing and how we were working. It was a very tiring process. Then we went to the general presentations and what we had said was written in the PowerPoint presentation”.

Some had a more positive view of the intrusion of the consultants. One interviewee commented that

"While it was not the best way, I think it was a good shake. The organization was asleep; there was a perception of a need for change. "

In short, there was a relatively technocratic agency that had not enjoyed any form of stability and organizational continuity since its inception, with Commissioners leaving every one or two years. Furthermore, a “parallel bureaucracy” was formed by appointees with no previous experience and outsiders who came to “invade” careerists and teach them how to do their job.

4.2.2 How did Abad arrive?

In 2002, in the middle of a severe economical and political crisis, Alberto Abad was appointed as Tax Commissioner. He is an accountant who had a long trajectory as a public servant. He was able to push forward an ambitious agenda of bureaucratic capacity, with efficiency standards and good public perception. That same year the AFIP was formally declared financially and administratively autarchic. This resulted in the fact that AFIP's budget was a percentage of total revenue and therefore it does not depend from congressionally approved budget.

When confronted with the question of why Duhalde chose him to lead the agency and to lead a meritocratic, "weberian" administration, he answered that "the severity of the economic crisis meant that I was left alone to do my job." This gave him a significant time horizon. He would end serving for six years, an absolute record so far.

Was his appointment a tool for coalition building as my argument presented here suggests? Abad answered,

In a way, yes. But not exactly in terms of garnering support for other party factions. But clearly Duhalde was a weak president. In 2001 the economic crisis resulted in a severe legitimacy crisis, remember "all must leave"⁵³ and all that. He could not name someone who was tarnished

⁵³ "Que se vayan todos" (all must leave) was the angry chant of Argentine protestors in the wake of the 2001 crisis.

(“sospechado”). Rodríguez Sáa committed that mistake. My appointment in a way was a tool for showing predisposition to do things better” (personal conversation, May 1st, 2015).

So, Abad, at least partially, confirms my suggestion. The previous president, Adolfo Rodríguez Saá, appointed some politicians suspected of corruption charges to many positions in the federal government and this generated a public outcry. Duhalde was influenced by this and needed to build support to his administration by appointing impeccable individuals. Although not exactly oriented towards inter or intra-party coalition building in the way described in this work, it still shows how bureaucratic appointments serve presidential needs to garner support.

At its turn, Kirchner (as already described) was in a very weak position. To him, it was perfectly rational to keep Abad, especially as tax revenue was increasing the State’s resources as it did during those years. As with many of his cabinet members, he chose to keep them in their posts as a way of showing continuity to the Duhalde faction of the party (who had appointed both Abad and many of his ministers).

What about his departure? This case is less controversial: Abad was fired when President Kirchner did not need Abad anymore. When Presidents hold grip of the party, their discretion increases. This exactly happened with Abad. He was fired in 2008 as the Kirchner administration wanted to expand its influence in the organization. They appointed a loyalist who started appointing many individuals to key positions, including some family members and business associates. It has been reported that many innovations brought with the Abad administration have been reversed.

For instance, in a recent anonymous expert survey regarding the agency’s standards of behavior when collecting taxes, subjects highlighted the increase in the number of judicial

complaints against AFIP's arbitrariness. According to one source, AFIP "in order to collect taxes is willing to step onto some heads...in order to increase revenue extends its hand and does so wrongly. It mistakes right with arbitrariness" (Anonymous source quoted in García Aráoz 2009, 14). A second interviewee said that a "short sighted view goes against higher revenues and affects trust on the long run". Related to this last opinion, another individual highlighted that "rule of law"⁵⁴ requires that tax amounts are foreseeable and not the result of the agency's arbitrariness and fiscal voraciousness", while another complained about the fact that "AFIP creates norms and changes them constantly". According to these opinions, the agency shows a deep eagerness to increase tax revenues without following a standard procedure and even sometimes reinterpret norms in its own advantage. An excessive fiscal voraciousness and only paying attention to higher revenues are the reasons mainly posed by interviewees.

Another problem related with the abuse of discretion and also widely perceived is corruption. Abuse of discretion can increase the risk of corruption. Perception of corruption in the tax administration is high although not higher than in the rest of the public administration (García Aráoz 2009).

Last, but not least, it has been pointed out that the new AFIP was less interested in advancing its administrative capabilities in order to achieve international standards in terms of fiscal evasion than using its coercive hand to prosecute small businesses locally. According to

⁵⁴ The interviewees highlighted the importance of reasonable and non arbitrary tax policies on "*seguridad jurídica*", which literally means judicial security and is here translated into "rule of law", although in Argentina this term usually refers to a more complex concept that encompasses the guarantee of free capitalist enterprise without excessive and capricious state intervention, usually with predatory aims.

Estévez (2010), the latter is an easy step to take, because improving administrative capacities in order to cope with complex tax evasion scenarios is difficult.

4.2.3 Abad at work: meritocratic administration.

When Abad took office, he had to define key things. "How can definitely assemble the team, what strategy of short and long term carry out, as do to lift the mood for the organization to have to collect taxes in a broken country?" he asked himself. Abad defined AFIP as:⁵⁵

"A complex organization; which has a troubled relationship with citizens: we were the face of the State to collect, we are the ones we take the money away from the people, but the services are provided by someone else: education, health, etc."

The organization Abad found had a low morale. According to its members, AFIP (and its antecessors such as DGI) could be defined by the words "slow", "bureaucratic" "untruthful" "process-oriented", "without long term planning" (Sioli and Willi 2007). In addition to this culture within the administration, society in general had a culture of evasion.

⁵⁵ All quotes from Abad and Castagnola are from personal interviews with both Castagnola (July 6th 2014) and two with Abad (August 5th and 22nd, 2014), unless otherwise noted.

Abad had taken the first thirty days to understand AFIP, and he had to make decisions which revolved around three questions: who would accompany him, what should be changed and how to make these changes.

Regarding the first question, he had three options: First, continue with Rodríguez-Larreta. He had a good external image, and had made efforts to get to know AFIP. However, his internal image was very negative. A second possibility was bringing his people to key positions. This would have given him confidence, loyalty and commitment. But AFIP was a technical agency, with a much closed culture and he might have lost confidence of career bureaucrats if they felt invaded again. Finally, he could assemble the team with people who were already in the organization. This will ensure potentially inner peace and knowledge of the organization, but questioned the commitment to change and the possibility of not having the confidence and consensus to manage change.

Abad chose not to appoint (or make appoint) people from outside the organization.⁵⁶ He chose to give leverage to the career bureaucrats. He made DGI-veteran Horacio Castagnola head of the former.⁵⁷ Abad recalled

"I asked Horacio to recommend me people for key positions. They had to be honest, know the organization well, good team players and with good internal reputation. If we had to manage the deep economic crisis, it was critical that the line felt supported."

⁵⁶ "I only took *one* person with me to AFIP", he highlighted to me while being interviewed.

⁵⁷ According to Castagnola, "That we had chosen the historical people within the organization allowed us to put no more excuses, not to put the blame on anyone anymore, we had to prove we could".

Regarding the orientation he gave AFIP, Abad highlights that

"From the beginning I tried to give the organization short and long term objectives simultaneously. We had to define where we wanted to go as an organization."

Abad added,

"It seemed crazy at the time; we set up a high standard. We wanted to be the most outstanding organization in the country, both public and private. Basically, we wanted to change a cultural pattern, an established paradigm."

Castagnola concurs:

"DGI wanted to achieve excellence, and wanted to transform certain cultural patterns, providing a high quality service to those who voluntarily complied with their tax obligations and generating high risk perception to those who consistently evaded taxes."

Abad established that AFIP should move towards the "Single Agency" model, where there is a common part and then each direction has unique processes according to its particular characteristics.⁵⁸ In the short term, put the focus on the "beneficiaries" of the crisis to avoid a fiscal

⁵⁸ Abad said: "The challenge is to have a unique identity, with different functions. AFIP is our brand".

collapse. At its turn, in the long run aim for a cultural change. Transforming the organization from a “repressive/control” paradigm to a “service paradigm”. Transform society socially validating the taxpayer that pays taxes. Operationally, he focused on new technologies. Change must be accompanied by systems. Last, but certainly not least, he aimed at “shielding” the organization from political pressures. On this, Abad said:

"I left work to technicians, and answered “no, we cannot” so as not to be influenced. We were helped by the type of information we handle. It is difficult to mess up with us."

The paradigm change at which the Abad team aspired to arrive is summarized in Table 4.

Table 4. Summary of organizational change at AFIP

Old AFIP	New AFIP
Vertical/HierarchicalOrganization	Matrix/DynamicOrganization
Noisy Inspection: model of fear. Poor relationship with society. Concept of Punishment.	Leverage upon Information. Service Model. Better relationship with society. Service Concept.
LowerLevel of Sanctions	HigherLevelSanction
Much noise, little results. Charges were not made. Measurementis per transaction.	Full Cycle concept. It is measured by actual payment.
Not respected organization internally and externally. Verylowmorale.	Internal organization and externally respected.

According to the new strategy laid out, AFIP should:

a) Put the focus on the "winners" of the crisis, especially those who benefited from the exchange rate: the agro-industry and companies that exported most of its production. This was a short-term strategy.

b) Understand that failure to pay taxes is determined by multiple variables (economic, social, cultural) and that policies and regulations should understand this complexity when pushed forward.

c) Facilitate tax payment to those who are willing to. Need to understand taxpayer as a customer, and provide easier procedures. Transform itself onto an organization that provides services.

d) Change the focus of the audit. Move from a confrontational approach to an approach focused on results.

This strategy implied:

1. Aligning with the national and international context (flexibility).⁵⁹
2. Reasonably manage processes: focus on service. More sensitivity to detect the factors affecting noncompliance. Active involvement in the redesign of processes. New technologies role.
3. Accompany and induce cultural change in the organization. Look after customers. Train public servants (Sioli and Wili 2007).

⁵⁹ Regarding this point, Castagnola stated: "This was something we all learned from Abad, he always insisted that we should be in contact with the context. Actually, we cannot have plans, budgets, and processes regardless of where we live."

Regarding the agency's structure, a classical vertical organization ended being of a matrix form.⁶⁰ Abad, within his first month, met with nearly the entire organization, to listen and know what their wanted. Amelia Aguirre, a careerist said:

"Alberto stood in a huge room and heard everything inspectors, technicians and staff in general wanted to say. This was a profound change; inspectors were not used to come to AFIP headquarters".

The results of this process were concrete action steps. The addresses of coordination also played an important role in the implementation of the plan, and functioned as "circles of continuous improvement." Aguirre explained:

"We have a schedule meeting with the different echelons to monitor progress, problems and future steps".

Regarding computing, AFIP underwent a process of technology incorporation and upgraded information systems.⁶¹ All systems were integrated under the idea that no cultural change

⁶⁰ Castagnola mentioned: "The DGI was a very vertical organization, very hierarchical, and implementing all these processes was very difficult. We created these coordination offices with the aim of building a structure that could get everywhere and listen to everyone, to foresee problems and propose improvements. It was a structure that reported directly to these coordination offices".

⁶¹ According to Abad, "our task is to manage information. So, from day one, we worked to be completely integrated at the computer level, investing and training our people in this respect."

could be implemented without changing the system supporting the change. This change also involved a change in the way people worked, and thus had a high internal impact. An IDB fund was used to update technology. Overall strategy resulted in emphasizing massive, systematic and universal primary controls (control filing tax returns and payments) and clearly defining priorities: integrated control of the entire process of tax collection; collection management on the most significant and recent debt; intelligent and timely use of information for auditing and generating criminal complaints with high social impact.

Specifically, three dimensions were profoundly transformed: collection, inspection and staff training.

4.2.3.1 Tax Collection. Until 2002 the AFIP controlled only two hundred thousand taxpayers, representing 5% of the universe. In this scenario the AFIP focused on large taxpayers.⁶² By 2006 AFIP was able to move to a new computing system (called *Regional Dosmil*) which controlled two million taxpayers, representing 50% of the universe.⁶³ The remaining 50% were the *monotributistas*, self-employed individuals. Finally, AFIP created “Current Tax Account”, where

⁶² Castagnola describes that there "was a sensation in the streets of lack of control and punishment".

⁶³ With this new system the DGI "managed to be present in society, and was perceived in the response and reaction of people," explained Castagnola.

the taxpayer could visualize his payments and deductions through Internet.⁶⁴ In all, AFIP was able to define the universe of active contributors, define what kind of taxes are charged (AFIP managed a vector with a hundred different concepts involving sixty million annual obligations), implement a system to monitor the real address of the taxpayer, as the main bridge of communication and define each taxpayer's "DNA", knowing the amount of active obligations for each contributor to group the taxpayers according to different degrees of complexity. Another important change was called the "Full Cycle". This meant measuring the effectiveness and productivity of AFIP in effective payment and not solely by injunction. Prior to this change all activity was measured in terms of "movements" (number of injunctions, fines, summaries, but effective payment was not given special attention).⁶⁵

Finally, in order to approach the "client", local agencies (as the face of AFIP) were given an active role in managing risk in their jurisdictions, developing taxpayers "maps". Systems were developed for selecting cases to be audited. Reengineering paperwork was performed to improve and standardize the answers; in addition to the use of Internet to ease traffic at agencies.

The strategy of AFIP beginning in 2002 was twofold. For one side, an emphasis on voluntary tax compliance developing more and better services to taxpayers and leaving coercive role only for more risky taxpayers. For the other side, a very intensive use of technology that includes better service quality, a more profound use of technology to identify critical taxpayers

⁶⁴ "The goal is transparency of information. Our intention is to show the taxpayer's all we know of him. Surely at first be complaints and claims for system errors, but the intention is also this, have a reliable basis, monitored by us and the taxpayer", according to Castagnola.

⁶⁵According to Castagnola, "this was a profound change in the way we work, we began to engage more with the results, not just resigned ourselves to the process".

and a streamlining of taxpaying processes made the relationship between the tax agency and taxpayers more fluent. Both processes are intimately related, as technology not only streamlines the internal agency processes but also help provide a better citizen service.

The change in the tax paradigm meant that the message that AFIP started to convey was that the main beneficiary of tax compliance was not the state apparatus but society as a whole. In other words, the message shifted from a coercive authoritarian one to one in which the benefits to society as a whole of paying taxes were highlighted and one in which AFIP intended to give the image of an agency that would treat citizens with respect. AFIP highlighted the need for a new “tax culture” in its advertisements in television, radio and the printed press. The agency emphasized voluntary contribution and the fact that taxpaying was a necessary condition for a working state apparatus.

This came as a cultural shock for a society in which a good citizen is not necessarily a compliant citizen. According to some authors (Botana 2006; Estévez 2009) Argentina has not yet closed the gap between the political organization of the country (as delineated in the Constitution) and the economic one (as the way that the country has decided to finance itself in order to push forward its political constitution). At the individual level this results in a “partial citizenship” in which the individual demands its rights but it is not as stringent when it comes to its duties.

In addition, AFIP launched a program to decrease the levels of judicial disputes between citizens and AFIP. Judicial disputes are clearly evidence of a deteriorating relationship between the State and its citizens. But disputes also increase the costs for AFIP, results in the agency redistributing valuable resources that could be better used elsewhere and it could also pose a threat of over demanding the judicial system.

In an article published in the AFIP newsletter, Castagnola summed up his vision: “As complaints and additional expenses increase, rejection to tax compliance also increases. This result in reinforced AFIP actions to neutralize this resistance, generating a spiral of action and reaction on both sides of the relationship that ultimately involves a greater social cost associated with tax compliance. Deterrence of these negative behaviors through better quality in performance clearly exceeds the efficiency of a system where improvement is achieved exclusively by fines and penalties. We can say that there is no legal system that can reverse exclusively from sanctions, widely rejected by those required to comply.” (Castagnola 2006).

4.2.3.2 Auditing/Supervision. There is consensus that custom control improved during the first decade of the twenty-first century (Depetris 2009: 8) and that the overall performance of the agency improved after decades of very poor border control. On the custom agency specifically, it has been argued that “the agency image (during 2002-2008) looks very much as a professional agency that fulfils its task of controlling foreign commerce” (Depetris 2009: 9). Previous periods had been characterized by lack of control, an increase in tax evasion and smuggling and less emphasis on tax collection (Depetris 2009: 22-23). During the new period, the aim of fluidity of

foreign commerce is joined with emphasis on fight against smuggling and increased border control.

The audit process was based on the perceived taxpayer risk of no-compliance and finding the way for taxpayer to correct its situation.⁶⁶

There are two main dimensions of control, one that aims to have more coverage on the taxpayer universe, carried out through checks, oversights offices and modular controls (analysis of concepts or certain items and specific and concrete data validation).

The other dimension is in-depth inspections which are the product of meticulous processes of prior research. In this alternative, the number of cases is much lower and field work must be carefully designed and monitored.⁶⁷

Regarding this last point, AFIP started developing a research process.⁶⁸ This change was intended to make a better choice of subjects and/or maneuvers to be audited, combined with fluid

⁶⁶ "It makes no sense to put together an excellent collection process if we do not have good control, where the perceived risk is high," said Jorge Depetris, Control Director of the DGI on a personal interview (May 22nd, 2014).

⁶⁷ Depetris commented: "The ultimate aim should be to identify solidly based debt (through better processes of prior research) or sustainable criminal cases in all courts. We seek to detect and punish severely evasion or tax fraud". Castagnola added: "The social impact caused by these paradigmatic cases increased in a short time, the perception of risk for major evasive maneuvers increased."

⁶⁸ Castagnola added: "The essence of strategy in this area was to promote the intelligent use of information available in the database administration. These bases are supplied therefore required information to third parties through regulations issued by the administration itself, as well as a result of access to the bases of other public and private organizations. This allows use of information must face the massiveness of controls with specific targets and data, reducing the discretionary actions."

communication with law-enforcing agencies in order to jointly monitor the complaints brought forward. AFIP adopted a strategic analysis of the value chain of the different economic sectors, from early production stages to its marketing operations and/or internal or international funding. On the other hand, operational or corporate architecture patterns were analyzed seeking to identify risk profiles and patterns of habitual behavior, thus facilitating the approach to the various evasive procedures.

The creation of AFIP also meant the modernization and improvement of provincial tax agencies. Joint programs of incorporation and transference of technology, exchanges of databases and information, service integration, professional training and institutional strengthening programs and tax education initiatives are some of the joint initiatives between AFIP and the provincial tax administrations, which overall resulted in enhanced administration capabilities and tax extraction at the provincial level (Esper 2008). A final point was the creation of a system of risk profiles, through the integration of matrices (featuring information on historical behavior of taxpayers) that weighted the potential risk they imply for tax compliance.⁶⁹ Thus, the system allowed designing strategies where the taxpayer access a value or risk score.

⁶⁹ Castagnola reflected: "The aim we pursue is to have a more effective control, assigning more likely to be audited those riskier taxpayers - according to their own fiscal history and use of objective parameters - and making taxpayers aware of this situation, produces a natural incentive to improve their behavior to avoid thus be subjected to more thorough checks. "

4.2.3.3 Staff Training. Regarding this point, AFIP put first the focus on communication, trying to create channels of contact between all members of AFIP.⁷⁰ A “process approach” to problems was performed.⁷¹ Workshops to generate consensus on management strategies were made, and to define and implement project changes. A schedule of annual meetings for addressing problems commissions was developed to provide solutions in each area.

Furthermore, during this period a very strong policy of hiring extremely qualified personnel was launched, combined with funding overseas studies. No political purges took place and temporary hires were progressively incorporated as permanent public servants. Experts agree on the fact that agency morale increased (Depetris 2009: 30).

4.2.3.4 Technology. One of the central aspects that undergirded the process described here is the incorporation of technology. AFIP is at the top in e-government policies design and implementation, development of a customer service culture, adaptation of its own internal structures and building a strong electronic and methodological infrastructure that guarantees the

⁷⁰ "To carry forward the process of organizational change, we must start by changing ourselves, we could not change management processes without changing human processes. I think this was the biggest challenge," said Abad.

⁷¹ "All inspectors went through the headquarters of the AFIP to tell what their biggest concerns, and spoke directly with Horacio [Castagnola], he listened and took notes," said Amelia Aguirre.

quality of the e-services implemented. This is crucial as it affects the “visible faces of the State” for citizens.

The process of technology incorporation into the public sector has been highlighted by the comparative public administration as central for two reasons. First, technology is important in terms of bureaucratic performance. Since the appearance of personal computers and internet, citizen pressure over governments to improve their performance has increased. Citizens tend to perceive that technology eases the dealings with agencies and therefore consider that a more technological agency works better, given the (sometimes only apparently) quicker and better results, closer relationship with citizens and cost effective procedures. Indeed, authors (Armenakis and Bedeian 1999; Moon 2002) believe that successful technology incorporation processes improve performance. Both organizational performance (new abilities for employees, new behaviors, new leaderships, new practices, new procedures, new structures) and transactional aspects (psychological, motivation, work environment and employee perception) improve when technology is incorporated and tensions are well navigated. In addition, citizens perceive improved goal achievement, a more open state apparatus and more efficient tax collection. To the extent that the interaction between the State and the citizen is mediated by technological tools standardized in their behavior and possibilities, the former will become more predictable and less discretionary. Predictability, transparency and efficiency were extremely well received by citizens accustomed to deal with a capricious and inefficient public sector. These advantages seemed to over perform the obvious disadvantages of technology (inflexibility, incapacity of dealing with extraordinary circumstances or exceptions). Last, citizens get a feeling of “direct democracy” when relating via technology with state organizations (Esper 2009).

The inclusion of technology in the tax process is important for various reasons. First, the introduction of technology facilitates the data management. It also provides a sense to the customer that the performance of the tax agency will improve with the use of technology (Esper 2009) because it is superior to the previous, paper-based, way of processing tax payment. User-friendly and efficient technology provides this to citizens.

In addition, the literature in comparative public administration highlights the role technology has as a central actor in organizational change processes as it is a tool used by all groups within an organization (Armenakis 2007; Barret, Grant and Wailes 2007; Estévez 2009). Technology facilitates a given social order and forms heterogeneous nets of human and non-human actors, and the changes produced by technology affect both materially and symbolically the organization. According to some authors, technology changes organizations and also their same social nets inside it. Technology changes the organizational identity profoundly. As such, it should be considered when analyzing these processes. According to a technology expert, the construction of a new culture oriented to the implementation and utilization of new and better services such as enhanced electronic infrastructure and the path towards the unification of all State service through the “single window” was the most important innovation (Riverti 2009).

The incorporation of technology has been a central feature of advanced democracies since the seventies but with significant results only one decade later. First, by moving from the traditional bureaucratic data handling through paper documents and microfilming to portals that offered basic information in the late eighties and early nineties to current interactive pages where citizens can handle governmental red tape. According to several experts and international institutions, the incorporation of technology into government procedures is associated with several positive elements. The incorporation of information and communication technology has been

encouraged by institutions concerned about public governance such as OECD due to the benefits that entails; such as improvements in collecting and distributing data, in communicating with the citizen and with other public agencies, in reducing costs and improving efficacy of the agency as a whole. It allows lower costs to taxpayers who want to contribute, providing information and assistance, and it is a key tool in fighting tax fraud. This process, as it eliminates the manual processing of information, increases state efficiency. It allows for time saving in collecting and distributing data and providing information. This improved performance usually results in citizens feeling a closer government as government also saves time and resources in communicating with the latter. Additionally, it offers to the agency the possibility of presenting itself as an unified organization without the citizen knowing the different logic that rule different branches of the government of even the same agency. This allows the public sector to avoid presenting itself as a segmented structure. In the words of a researcher at AFIP, it eliminates the previous “segmented silos” approach for one in which different compartments share information which is presented at a single “street counter”. In addition, it opens the agency to public scrutiny which is a significant step towards reducing public corruption. Last, it offers the possibility of aligning various branches of government into a same operational logic and also to save resources in internal communication, which can save significant amount of time and money.

Despite the difficulties that organizational theory has highlighted in the process of incorporating technology (such as employee resistance, the need for change in behavior and

routines and the need for adequate leadership to navigate these changes)⁷² (Armenakis 2007, Estévez 2009) AFIP has been extremely successful in incorporating technology to the tax extracting process, at the point of being considered to be in the forefront of this process not only in the public sector but also in the technology sector of the private sector in Argentina but also at a regional level (Riverti 2009), in a country that appears only fourth (after Chile, México and Brazil) in e-government extension. According to one researcher on the subject, AFIP is probably the example with better results and impact in the relationship between the State and citizenry and in the internal relationships between public organizations. AFIP launched an important set of electronic services based on an “innovative management model based on the premises of customer service and participation” (Riverti 2009).

The first steps of technology in AFIP at its inception included a 1996 webpage which only offered institutional and normative information to taxpayers on what was AFIP (which as a new agency resulting from the merger of two preexisting agencies was unknown to the vast majority of the population), how was it organized, where were its offices and how to contact AFIP. In the late nineties it started to offer some services, such as the possibility of filling and uploading tax forms online and a comprehensive FAQ database. It also started to incorporate transactional activities that were conducted previously by paper-based forms. In all cases this electronic possibility was an alternative to traditional paper-form filling. When its efficiency and acceptance increased some of these procedures discontinued the paper-based alternative.

⁷² In addition, some authors have highlighted the discrimination problem of incorporating technology in a highly unequal country where poorer segments of the population do not have equal access to internet (*e-haves-not*) (Esper 2008).

Beginning in 2002 (with the coming to office of the professionalization and politically autonomous Abad administration), AFIP has dramatically increased its presence on the web, in building a high tech computing center and hiring (with very good salaries) technology experts from the best universities in the country (Poggi 2009). It launched the most important component (in terms of information handled and amount of money that its transactions included) of the AFIP electronic platform: the *Declaraciones Juradas y Pagos por Internet* (Internet Sworn declarations and payments) which made possible simplify and personalize their relationship with AFIP, as measured by the amount of transactions processed which includes the elaboration, presentation and payment of its sworn declaration while at the same time interacting with the customer's bank in order to make the payment (Riverti 2009). According to one author, this is an example of the increasing "interoperability" of AFIP, which allowed the taxpayer to present a declaration to AFIP and, if validated by the latter, allows for a fund transfer from a private bank (Riverti 2009). AFIP had to improve significantly the electronic support for such operations, which include safety measures when authenticating the user, authorizing access to the operation to this individual and securing the overall transaction. It included the implementation of electronic platforms called "web services" that allowed taxpayers and users to comply with the tax obligations in automatic and efficient fashion, directly from their personal computers.

In 2003 AFIP launched the *Portal de la Educación Tributaria* (tax education portal) as a way to expand the message of the importance of taxpaying. In 2004, *Mis Aportes* (my retirement contributions) portal began its operations, by which AFIP aimed to improve the transparency of the administration. Workers and employees could verify online that their retirement contributions were made by their employers. As of 2007, this portal had been consulted by six million of employees. In 2005, it was the turn of *Mis operaciones aduaneras* (my customs operations) by

which importers, exporters and customs entrepreneurs (*despachante de aduanas*, an individual allowed to make customs transactions in behalf of others) could consult the operative details of past and present transactions.

All these are an effective methodology to assure the transparency of operations with AFIP by putting all information in the hands of the participants and hence guaranteeing the oversight over the operations. As a consequence of this process, AFIP had an enormous impact on how work was achieved. Small contributors could have a closer look to their payments and business with AFIP through direct operations, big contributors could progressively organize their internal management as they enjoyed more predictable interfaces and they could integrate their management systems with AFIP's. As a result of these processes personal business at local branches was significantly reduced which allowed for important savings for individuals and also for AFIP, which reassigned personnel away from counter customer service to more important tasks. At its turn, this resulted in better professional expectations and a better work environment (Riverti 2009).

In addition, AFIP launched a process by which all dealings with the agency were unified under a single tax code assigned to every citizen. Previously, taxpayers had a tax paying code and a code assigned to them as employees (as which they also pay taxes). The cumbersome system was unified with great success. The webpage of AFIP also included lots of information and allowed for consultation from citizens. According to an author, this entailed a dramatic change: it was not the same tasks but faster, but a significant change in the relationship taxpayer-tax agency and within the agency.

During the years under study, AFIP also organized and administered its information in a more efficient way, making the best of it and eliminating useless information. It significantly

allowed for electronic payment of taxes. It also improved significantly communications between tax administration and taxpayers and strengthened the tools of the former to control the latter (in terms of tax compliance). AFIP increased its capacity of data processing, which allowed the complete digitalization of the processes of tax filing and tax extraction. This also required the redefinition and reorganization of the internal processes of the agency and of its infrastructure (Riverti 2009).

In order to accomplish all these initiatives any organization needs strong computing capabilities and infrastructure. AFIP invested heavily in information technology. It improved the communications network that covers all the country, with links to other public organisms, state agencies from neighboring countries and private firms. Investment was also made in computing infrastructure and security, in administrative processes engineering and in software developing methodology. AFIP built an extremely sophisticated computing center (known as *Paseo Colón*, as it is located on this street in the Montserrat neighborhood of Buenos Aires) which allowed enormous transactions of data at high speed. The *Intercambio de Información de los Registros Aduaneros* (Customs registries information exchange system) a system connecting all MERCOSUR custom operations that allow for consults over exports to these countries was launched in 2007, together with the *Sistema Informático de Tránsito Internacional Aduanero* (International Customs Traffic Information System), which allows for the same oversight over international cargo. Furthermore, this increased technology network allows for increased connections with provincial tax agencies and with bank networks. These are examples of the increased efficiency of interactions between the private sector and State in business processes and anticipates the concept and implementation of “integrated governance” (Riverti 2009).

According to interviews with AFIP personnel, citizens responded very well to technology. Taxpayers found that AFIP electronic platforms were viewed as useful by them, better than previous ways of filling taxes. They also found it easy to use, accessible, safe, efficient and they view themselves as educated enough to use them (Esper 2009).

The incorporation of technology is also a key part of better serving the customer as a way of strengthening the relationship between tax agency and citizens, a topic that AFIP took very seriously during these years (Esper 2009) and that it is considered crucial in the process of modernizing tax agencies into more user friendly organizations (Aberbach and Christensen 2007). Technology allows optimizing services and therefore achieving better task completion rates, a more open public apparatus and a more efficient tax extraction (Aberbach and Christensen 2007, Esper 2009; Torgler 2003, 2005). Citizens tend to perceive that a public agency with more “electronic content” works better, because of the more efficient management of public information, the unification of governmental processes and improved customer services and a more open attitude towards public scrutiny (Riverti 2009). Besides the already described process of technology incorporation, AFIP worked hard to improve its image to society as an agency that worked hard to demonstrate that it was doing everything at hand to ease the process of tax payment. Besides technology incorporation, during these years AFIP (Esper 2009) invested in the education and specialization of its street level bureaucrats, improved normative quality and made an effort of improving customer service.

4.3 SUMMARY

In short, what the example presented in this chapter shows is that, at least for a particular case, a non-politicized administration which specifically relied on the “historical members” was able to boost agency morale, improve its internal functioning and increase revenue, which might depend on many factors but it is, in the end, the objective of a tax agency. In addition, it was able to change its paradigm and transform its relationship with citizens. It is interesting to note that although many of these ingredients are part of the “new public management” cookbook, it was materialized through a classical Weberian approach of insularity and professionalization.

As I stated at the beginning, the facts presented here are not generalizable. However, is interesting to note that evidence suggests that politicization affected performance in AFIP. Now I will turn to a broader question: what can help explain performance? This is the topic of the following two chapters. Chapter five is a first descriptive look at appointments. Chapter six presents a more in-depth quantitative look at the dynamics of bureaucratic appointments.

5.0 A QUALITATIVE ASSESSMENT OF POLITICIZATION

5.1 THE ARGENTINE BUREAUCRACY: A DISORGANIZED ORGANIZATION

The Argentine bureaucracy is a complex, disorganized entity. Its present incarnation is the result of several decades of failed and limited attempts at reforming and modernizing it. The result is a disarticulated inertial body with overlapping and duplications. Researchers agree that Argentina's bureaucracy is weak, non-autonomous, politicized and under-performer (Calvo and Murillo 2004; Iacoviello, Zuvanic and Tommasi 2003; Rauch and Evans 1999; Spiller and Tommasi 2007).

The 1853 Constitution established five national ministries: Home Affairs, Foreign Affairs, Treasury (*Hacienda*), Justice and Education and War and Navy. From 1898 onwards, War and Navy constituted two different portfolios and two new ministries were created: Agriculture and Public Works. During the period of the "Liberal Oligarchic Republic" (1880-1916), the state apparatus was oriented towards expanding the frontier and consolidating the central authority. This was accomplished by penetrating (materially and ideologically) through cooptation or repression

of territorial elites (including the aborigines). The state apparatus provided space for the first alternative, as it permitted the inclusion of territorial elites and for negotiation among them.

Since 1916, the state apparatus grew in order to accommodate the needs of the Radical Party, the winner of the first competitive elections in Argentine history (although it did not enfranchise women). Under the logic analyzed later in this work, the bureaucracy provided support for the new party, who needed to consolidate its power after decades of uninterrupted conservative rule (Abal Medina 2012: 69). This inaugurated the clientelistic tradition of the Argentine bureaucracy.⁷³

The national bureaucracy experienced a significant expansion in the thirties. The 1929 economic crisis sparked a reaction from the government which aimed at ameliorating its effect through direct state action. From this period are both Federal Grain and Federal Meat Regulatory Commissions and the Central Bank. Autarchic entities created in this period also show the increased entrepreneurial role assumed by the national bureaucracy: Military Industries, the Merchant Navy, and Federal Routes Agency. At the same time, existing public bodies augmented their complexity. National Ministries, for example, increased their diversification by expanding their planning and coordination tasks. Finally, the first federal fiscal co-participation patterns were

⁷³ This is not to say that all the initiatives that had something to do with the bureaucracy were exclusively guided by clientelistic objectives. Certainly the Radical Party had (and still has) a genuinely statist conception of the relationship between State and society. The point is that many of the legislative bills that passed (such as the creation of the state owned petrol company *Yacimientos Petrolíferos Fiscales*) and even the ones that did not pass (the creation of a Merchant Navy or the expansion of the influence of the government in grain commercialization) provided or could have provided areas for incorporation of individuals to a burgeoning federal bureaucracy.

devised, by which the federal government distributes its share of tax earnings among the provinces.⁷⁴

This expansion of the public bureaucracy consolidated with the arrival of Peronism in 1946. The latter's economic strategy based on industrialization through import substitution and consolidation of the internal market strengthened state intervention. In addition, the government's nationalist stance resulted in the nationalization of public utilities, previously owned by foreign (especially British) capitals. During this period many autarchic bodies (such as the one charged with monopolizing foreign commerce or scientific agencies) were also created. The Peronist governments (1946-1955) resulted in the most significant overhauling of the Argentine bureaucracy to that date, and probably only comparable to the one under the Menem administration (1989-1999) in terms of its magnitude. Although many attempts were made to reduce, reorganize and rationalize the bureaucracy, it was only the privatization and economic liberalization process of the nineties that provoked a significant change in it.

The organization of the national public sector is formed by the central administration, the decentralized administration and the social security bodies, the state-owned enterprises and the public finance sector.

The central administration encompasses, in the first place, seven State Secretaries which depend directly on the Presidency (the General, the Legal and Technical, Intelligence, Drug Enforcement, Culture, Presidential Custody and Social Policies Secretaries). In addition, the Chief

⁷⁴ Public sector expansion must have been very noticeable. In 1933, the first Commission for the Rationalization of Public Administration was created which aimed at reducing public spending. It concluded its task in 1935 with fifteen exhaustive reports on the functioning of the public administration.

of Ministers Cabinet and the fifteen Ministries (Internal Affairs and Transportation, Foreign Affairs and Worship, Defense, Economy, Industry, Agriculture, Tourism, Federal Planning and Public Utilities, Justice and Human Rights, Public Safety, Labor, Employment and Social Security, Social Development, Health, Education and Science, Technology and Innovative Production) also constitute part of the central administration. Each Ministry is composed by secretaries and sub-secretaries. Beneath the latter, the operative level of General Directories starts, which is the first non-appointed level in the bureaucracy (Iacoviello and Pando forthcoming).

The distribution of secretaries and undersecretaries in each National Ministry is shown in Table 5.

Table 5. Subdivisions in the Argentine Public Sector

Jurisdiction	Secretaries	Undersecretaries	Decentralized Agencies
Office of the Presidency	6	10	6
Office of the Chief of Cabinet	6	16	1
Home Affairs and Transportation	5	11	5
Foreign Affairs and Religious Matters	4	8	1
Defense	3	5	2
Economy and Public Finances	6	15	3
Industry	3	5	3
Federal Planning, Public Investment and Services	4	9	11
Justice and Human Rights	3	9	1

Labor, Employment and Social Security	3	8	1
Social Development	6	13	2
Health	4	6	10
Education	2	5	2
Science, Technology and Productive Innovation	2	5	1
Public Safety	3	9	0
Tourism	1	2	2
Agriculture, Livestock and Fisheries	3	9	5
Total	58	135	58

The national bureaucracy today employs around five hundred thousand individuals distributed among the three branches of government (Scherlis-Perel 2009: 91). It comprises the central administration plus the fifty eight decentralized bodies (eighty two if the social security institutions) are included. In addition, according to law, it also includes state enterprises and national universities. This figure does not include the provincial (sub-national) bureaucracies, which grew significantly since the decentralization in the nineties that transferred the provision of public health and education to the former. It also does not include public universities, which are autonomous and manage their own budgets and hiring procedures. The decentralized bodies comprise the autonomous and autarchic organizations. This fraction of the national bureaucracy employs the 20% of the personnel.

Currently, fifty-eight different salary and merit scales coexist. This disorganization is the result of several partial, limited and discontinued reforms that resulted in a national bureaucracy

full of “geological layers” of (partial) innovations. During the period of democratic transition, the Alfonsín administration created a special elite corps, the Governmental Administrators, which still function as an “elite corps” that was expected to occupy the higher levels of the bureaucracy. However, the divorce existing between this new body and the pre-existing bureaucracy resulted in opposition from the former. In the end, the Governmental Administrators are currently a marginal portion of the bureaucracy and it is only a 20% of the initially expected number of individuals (Iacoviello and Pando forthcoming).

In the nineties, the Menem administration attempted to a reorganization of the multiple merit and salary scales within the bureaucracy with the creation of a broad career system, a merit and salary scale named *Sistema Nacional de la Profesión Administrativa* (National System of the Administrative Profession, or SINAPA). This was done in the context of a broad State reform, which aimed to adopt some of the tenets of the new public management (Cao and Rubins 2001).

However, this scale was not able of uniting the whole apparatus under its umbrella. The SINAPA scale today resembles a classic administrative career with job protection and henceforth personnel continuity and a strong emphasis on norms, procedures and routines. However, appointments are sometimes made with a strong political component, as parties replace tenured career bureaucrats with political appointees for specific jobs, forging the public competitions for personnel or avoiding them altogether and naming “hired personnel” instead (Scherlis 2009; Zuvanic, Iacoviello and Rodríguez-Gustá 2010). “Hired personnel” (*contratados*) is commonplace in the Argentine bureaucracy as a way of circumventing tenured bureaucrats. As the latter are life-tenured, politicians usually hire temporary personnel for theoretically specific jobs and assign to them the real functions of management to them, marginalizing the career bureaucracy to superficial tasks (Ferraro 2006; Scherlis 2009: 109-112). Since the nineties appointments in the national

bureaucracy are frozen. Therefore, temporary contracts is the way by which hirings are made in the bureaucracy nowadays, as these *contratados* are periodically “passed to permanent staff” (*pasajes a planta*), a process by which the hired personnel get a permanent tenured position by means of “exceptional” decrees.

In addition, despite its attempt to unify the bureaucracy in a single, coherent career and salary scale, the SINAPA encompasses only 8% of the human resources employed at the national level, as many other public bodies (mainly the multiple security forces and the scientific system, for example) maintained their own scale. This dispersion of rules includes salaries, which vary from scale to scale.

Equivalent to the creation of an elite body and the (partial) attempt of a broad career system, the practice of hiring consultants funded by international financial institutions continues to be common, creating “parallel bureaucracies” throughout the system. Appointments in this parallel bureaucracy are based on a mixture of political trust and technical need (Iacoviello, Tommasi and Zuvanic 2003) and include positions in the lower echelons of the bureaucracy. By this token, career bureaucrats are ignored or assigned minimal jobs, what in the United States is known as “being sent to a turkey farm” (Hammond and Thomas 1989: 156; Lewis 2008: 33).

Finally, some divisions of the bureaucracy (such as the Foreign Service and the Central Bank) maintain a high level of professionalization and meritocracy (Iacoviello and Pando forthcoming). All these varied structures results in multiple bureaucracies with very different realities.

All in all, the Argentine national bureaucracy cannot be considered a meritocratic bureaucracy, given its politicization by the executive. However, it is not a spoils system (as the one in place in the United States until the Pendleton Act) either, as public employees enjoy life

tenure. Therefore, a mixed system exists in which political leaders have leverage to appoint but cannot fire exiting personnel. Some authors have labeled the Argentine bureaucracy as an “administrative bureaucracy”, distinct from the ideal meritocratic and the worst case scenario politicized bureaucracies.

Although the parallel bureaucracy is highlighted in every study of the Argentine bureaucracy, information about its exact size is hard to come by. As Bambaci, Spiller and Tommasi (2009: 14) highlight, “the budget does not specify the number of parallel bureaucrats that a particular national jurisdiction (ministry, secretariat, or decentralized administrative unit) may have. As a consequence, estimates of the number of parallel bureaucrat employees vary drastically. Some sources place the number of *contratados* (non-civil service employees under special contracts) in the national public administration at around 22,000. The Office of Public Sector Employment and Wages (*Dirección de Ocupación y Salarios del Sector Público*) estimated for 2002 that there were 16,509 *contratados*, while the National Office of Public Employment (*Oficina Nacional de Empleo Público*) puts the number of contract employees at 11,233. Indeed, some agencies would not be able to function without these parallel bureaucrats. The Ministry of Social Development, for example, has approximately 1,700 employees, 500 of whom are permanent and 1,200 of whom are *contratados*.”

5.2 A (FIRST) GENERAL PICTURE OF POLITICIZATION

Researchers have agreed that the Argentine bureaucracy is weak and non-autonomous. Politicization resulted in an increasing schism between norms and regulations and political reality. In Argentina political parties name almost all upper positions in the public apparatus in a discretionary way. The ministries and Congress are the most “politicized” areas of the bureaucracy. Decentralized agencies enjoy larger autonomy (Scherlis 2009).

Why do governments politicize the bureaucracy? As I will delve into later, presidents distrust the personnel that predate them in the first place. This is reasonably common in other polities (Lewis 2008). However, Argentine Presidents know that previous appointments were probably made based on political and not technical reasons. Therefore, they have more reasons to be suspicious of the political loyalties of preexisting bureaucrats. Given the relative difficulty of removing bureaucrats (given the constitutional defense of public employment stability), the marginalization of the formal bureaucracy usually happens. This explains the existence of a parallel and patronage bureaucracies’ vis-à-vis the administrative bureaucracy. We should see a high number of appointments at the patronage bureaucracies at the beginning of the presidential term, as appointments here are the result of rewards to political activists after a tiring campaign. In addition, politicization in the patronage bureaucracy is to be made at the lower levels, as political appointees usually lack the technical requirements for appointments at a higher level.

However, if the bureaucracy has a high capacity but it is recalcitrant towards the president, isolating it might not be the most reasonable thing to do. It might be very difficult to find alternative

personnel to perform such tasks. The optimal strategy for the president is to tame the agency. In these cases, we should expect politicization at the higher levels of this meritocratic bureaucracy.

At a more profound level, it can be argued that the absence of autonomy in Argentina is due to the lack of legitimacy of the bureaucracy itself. Carpenter (2001) discusses at large how some agencies in the United States were able to build strong organizational reputations embedded in an independent power base (Carpenter 2001: 14). If agencies are able to demonstrate capacities and the belief by authorities and citizens that this is true, its autonomy will be very much upheld. This might be something that needs to develop through time. As democracy in Argentina underwent such critical times, this legitimacy towards specific agencies did not have the opportunity to flourish. The United States also had to wait for this process to develop; Alexis de Tocqueville, amid the Jacksonian patronage system, noted the debility of American state institutions compared to their European equivalents. Antebellum federal agencies, as noted by Carpenter (2001: 39) were dependent on the predilections of elected politicians and Congress and were unable to build coalitions to support their autonomy.

Argentina is ambiguous in its bureaucratic standing. While it does not espouse the benefits of the spoils system (which defined rotation in office as a rule of political engagement), it maintains a less than professionalized bureaucracy that not only deprives them of stability, talent and efficiency but also delegitimizes civil service and administrative labor.

Some areas of the State do seem to enjoy larger autonomy. These share some basic characteristics. In the first place, historically autonomous agencies tend to enjoy larger margins of autonomy later on, in a self-reinforcing dynamic. As an example, the foreign affairs service was granted autonomy in 1826 (Iacoviello and Pando forthcoming), and the AFIP (tax collection agency) includes the customs office, which predates Argentina as a country. In addition, very

technical areas require a less politicized and more professional treatment. Agencies in the finances, Foreign Service and tax collection tend to enjoy larger autonomy.

As a first take on the data, Figure 3 presents the evolution of appointments for the whole time span of this work.

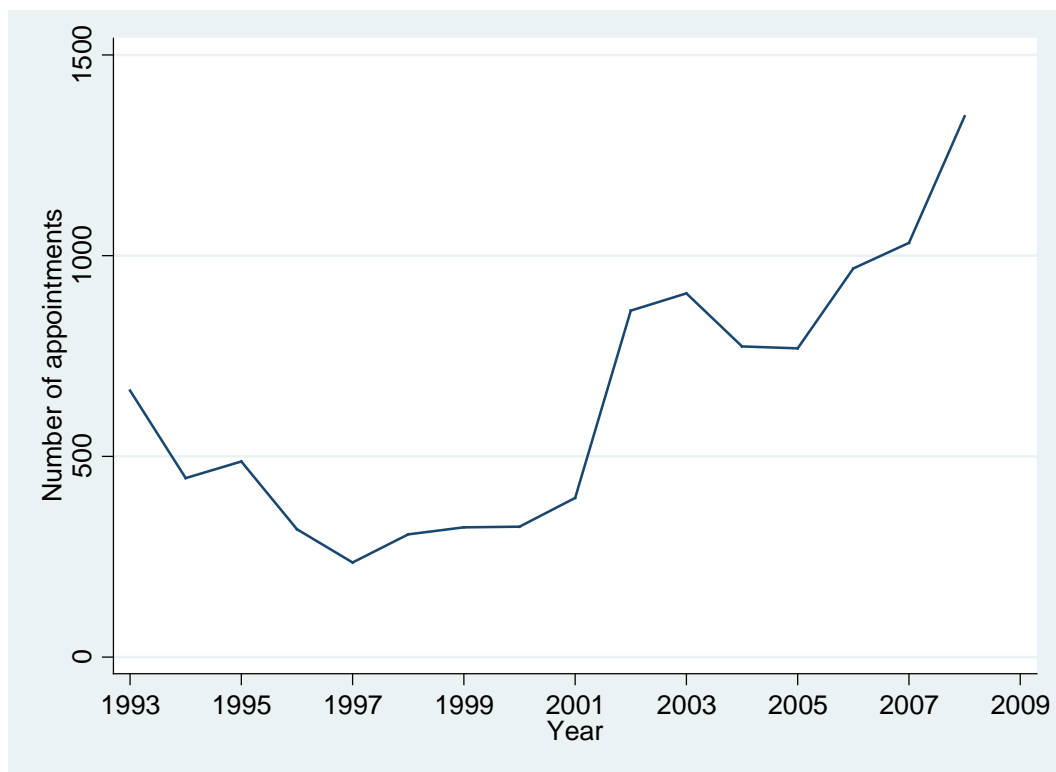


Figure 3. Overall number of appointees, per year

It can be observed that appointments in the bureaucracy can be divided roughly in two sub-periods. From the beginning of the series to 2001, appointments oscillated below the five hundred appointments per year, a figure similar to United States estimations on the matter (Lewis 2008). After 2002 (immediately after the big economic crisis) appointments rose sharply to the one-thousand appointments figure per year. Appointments also increased over time in the United States (see Lewis 2008: 98-99). However, in the latter's case the increase has been steadier. On the contrary, figure 3 shows a discernible effect of the 2001 crisis that pushed appointments to a new higher level.

The electoral cycle of appointments is perceptible, albeit it does not seem to be the determinant force behind appointments. Indeed 1995 (a presidential election year) shows noticeable increase in the number of appointments related to the previous year, but the de la Rúa administration did not increase the pace of appointments until its last year in office. The year 2003 and especially 2007 show a considerable increase in appointments. The year 2008, the first whole year of the Cristina Fernández de Kirchner administration shows a notorious increase in the number of appointments, which suggest that her administration, analytically, behaved as a different administration than her husband's.

5.2.1 Politicized versus meritocratic agencies

Figure 4 presents the total number of appointments compared with an area that has traditionally enjoyed insularity from politicization such as appointment at Embassies.

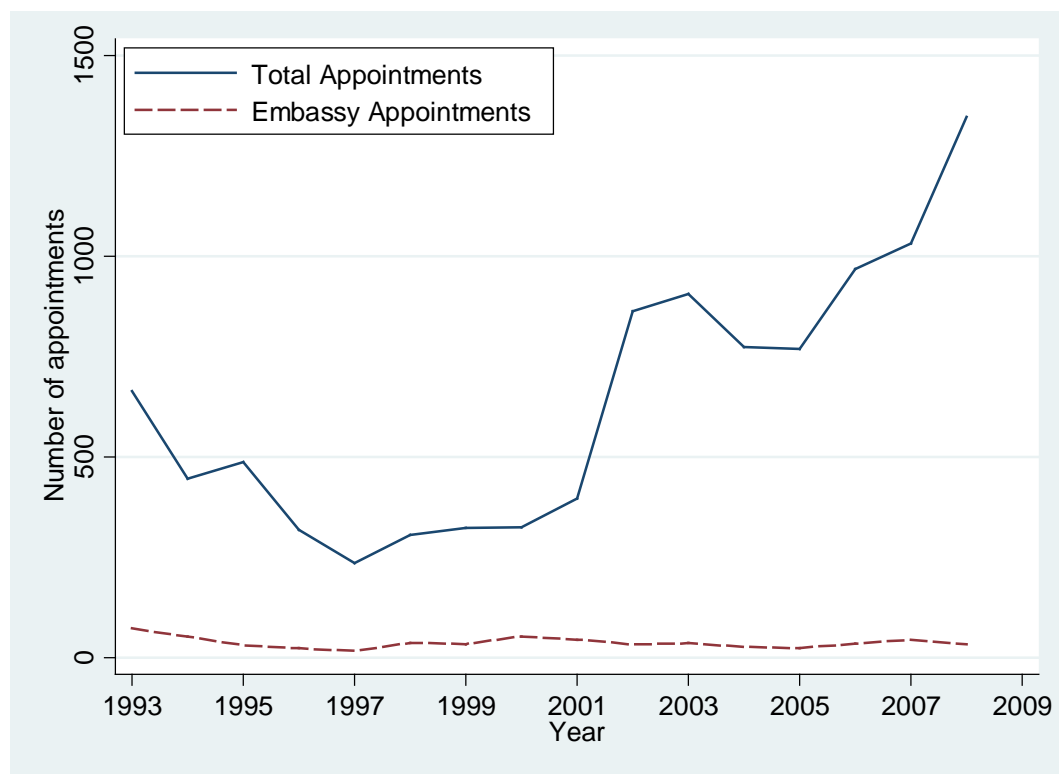


Figure 4. Appointments at Embassies

Figure 4 shows what the behavior of bureaucratic appointments could look like if they be solely based on meritocratic considerations. The graph shows the evolution of ambassador appointments vis-à-vis total appointments in the national public administration. Embassy appointments are mainly driven by non-strategic considerations: they remain flat throughout time. There is no sensitivity to electoral cycles nor support-building tactics.

A similar pattern can be observed with appointments at the **Central Bank**, Argentina's equivalent of the Federal Reserve. This is shown in Figure 5.

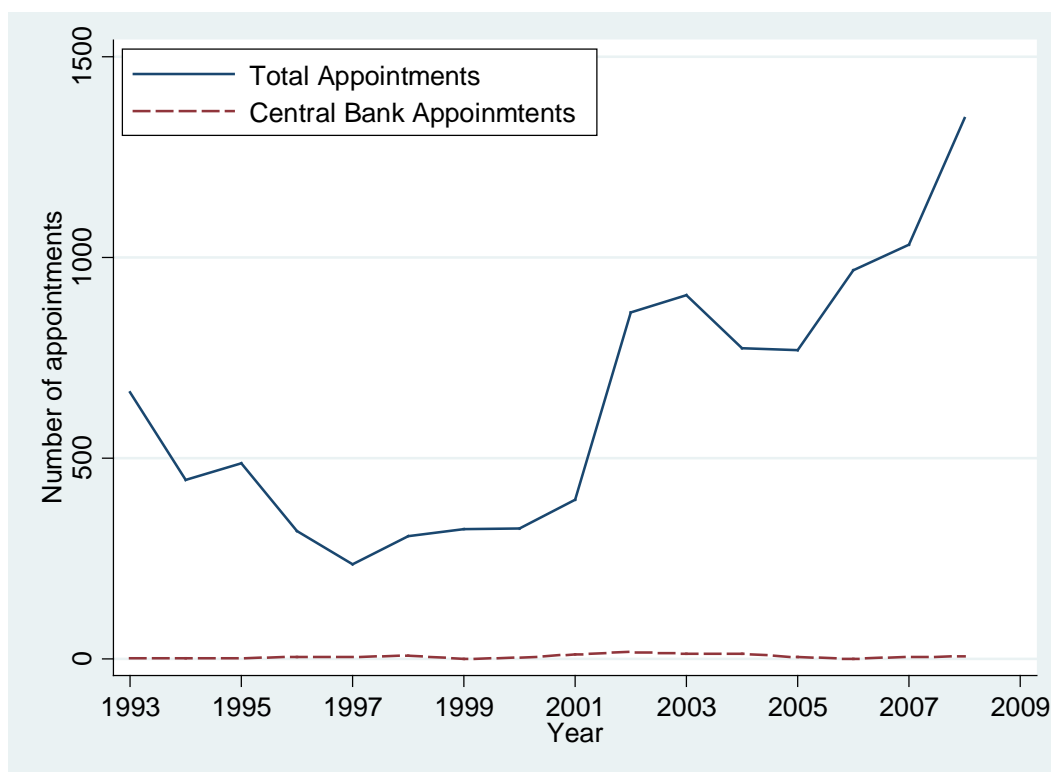


Figure 5. Appointments at the Central Bank

As typical patronage appointments are not qualified for very technical jobs, some areas of the bureaucracy with a high technocratic component are less subject to presidential staffing. The Central Bank, together with the foreign service, is among the most technocratic sector of the national public administration. The professional requirements needed in order to perform adequately obstatulize blanket appointments there. This is true of all agencies that have a scientific, research and development related-tasks. Others example are the Atomic Energy National Commission, for example. In figure 5, there is a slight increase immediately after the big economic crisis but the overall pattern of appointments looks insensitive as well to electoral or partisan considerations and remains flat the whole time. As appointments at embassies shown in figure 4, this flat pattern is probably how appointments should look when driven not by political reasons.

It is interesting to observe appointments in less profesionalized areas of the National Public Administration and compare them with technocratic areas, as appointments are lower in the latter. Figure 6 shows appointments at both the Central Bank (the same figures shown above) and the Interior Ministry. The latter is the politically relevant Ministry *par excellence*. Its tasks are usually of lower technocratic requirements than Central Banks, both in Argentina and in other countries. The graph shows that the Interior Ministry consistently receives more appointments per year than the Central Bank. Positions at this Ministry can be traded for political support among different factions of the party and other parties whose support is needed. Therefore, appointments at the Interior Ministry very much replicate the overall pattern observed above, with a sharp increase after the economic crisis and rising again towards the end of the Kirchner administration and the beginning of the Fernández administration. In addition, despite the increase in the number of appointments during the 2001-2 economic crisis, Central Bank appointments remain relatively flat

the whole series. Appointments at the Interior Ministry, on the contrary, looks sensitive to shocks. Electoral shocks seem to have played a role, as significant increases in the number of appointments take place in presidential election years. More importantly, the 2001 economic and political crisis increased considerably the number of appointments per year. Since then, appointments never returned to their original “pre-crisis” level. The Fernández de Kirchner administration also appointed intensely at the Ministry.

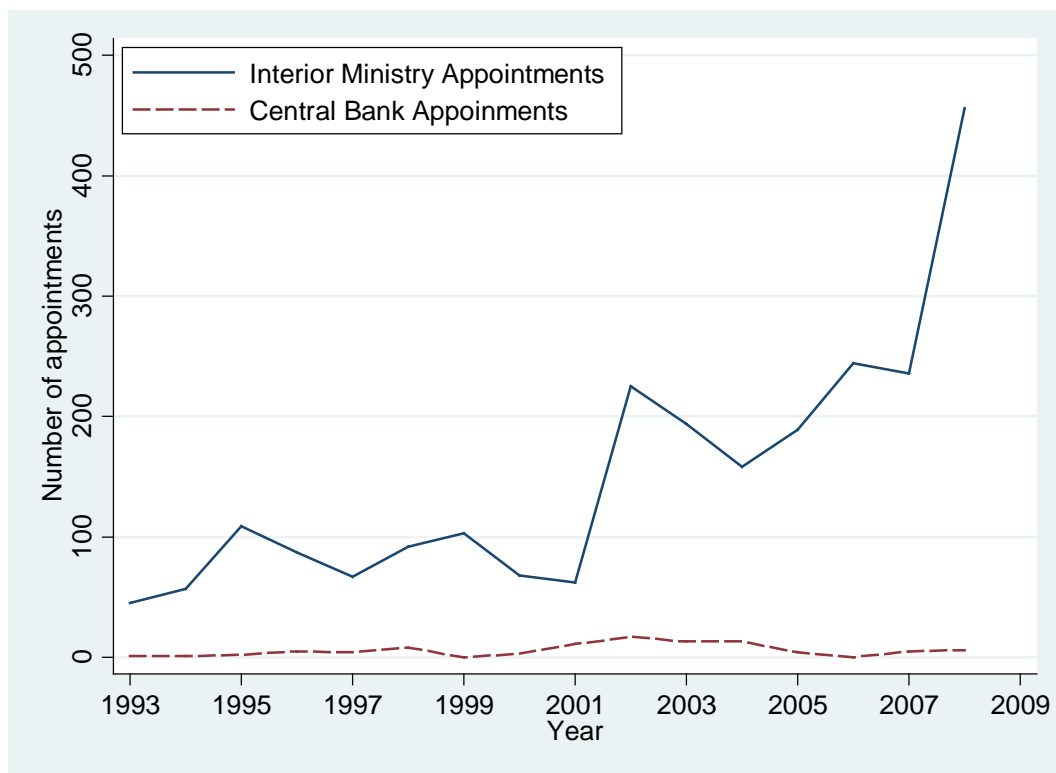


Figure 6. Comparing Appointments: Interior Ministry vs Central Bank

As anticipated above, the 2001 economic crisis sparked a key dynamic regarding political parties. The party system melted down, generating national parties (but especially the Peronist Party) that are confederations of provincial parties. Regarding the topic of this work, this increases the need for appointments as ways of building support. This dynamic can be graphically seen in Figure 7, which shows how appointments in the Office of the Chief of Cabinet (of whom depend many Secretaries and Under-secretaries) vis-à-vis appointments at the Central Bank.

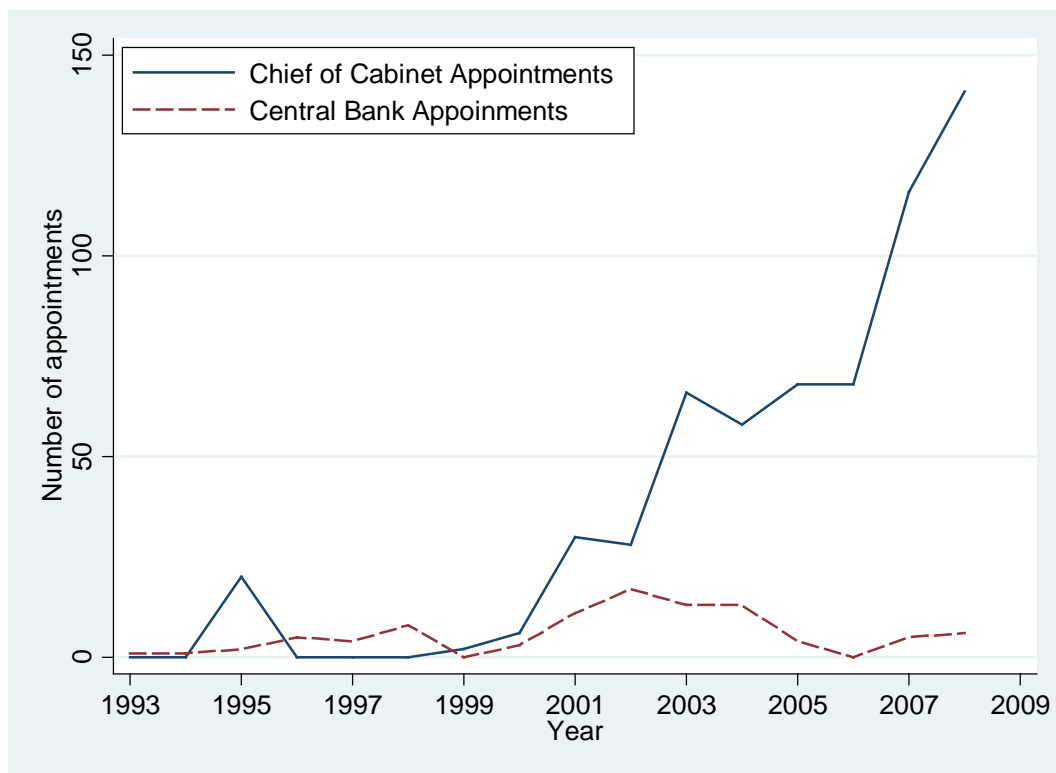


Figure 7. Comparing Appointments: Chief of Cabinet vs. Central Bank

The Office of the Chief of Cabinet was created in 1995. Immediately after that date shows a low number of appointments per year but that number soars after the 2001 crisis. Central Bank appointments, on the contrary, remain at an average of less than fifty appointments per year. This lends support to the hypothesis that the Chief of Cabinet and the dependencies beneath him were used to build political support in a context of de-institutionalization of the party system. By this account, appointments in the bureaucracy increase as party factionalization increases.

This pattern is also evident with appointments in the Economics Ministry, as shown in Figure 8.

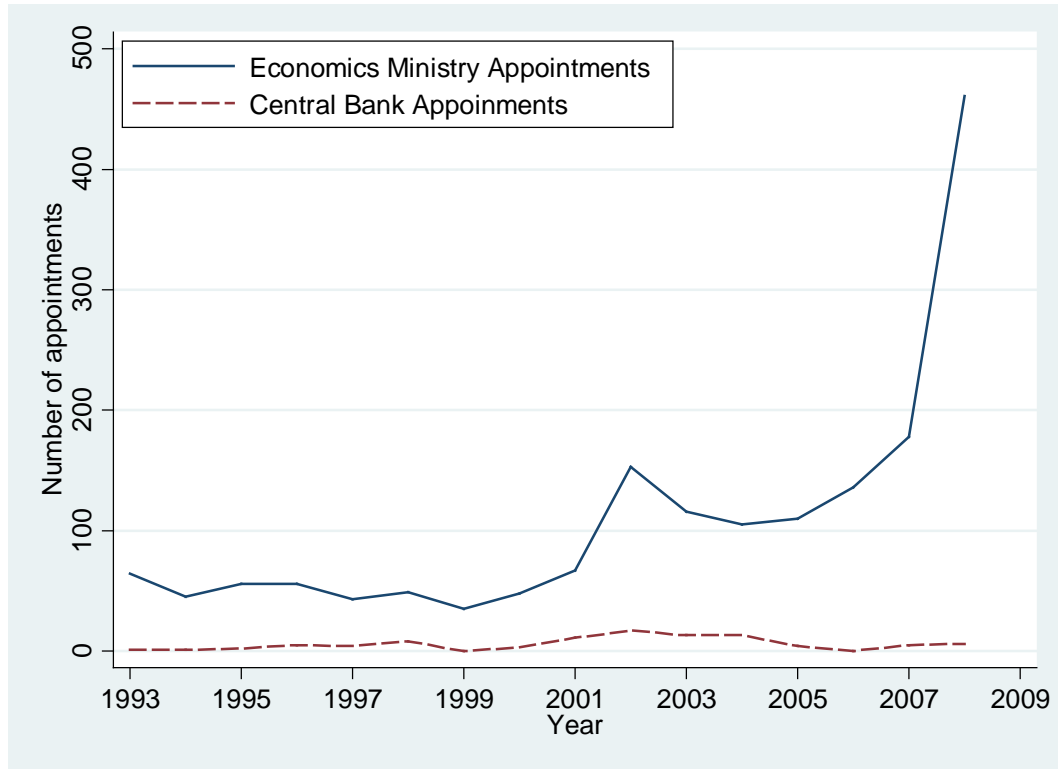


Figure 8. Comparing Appointments: Economics Ministry vs. Central Bank

The Economics Ministry has traditionally behaved as a technocratic arena. In Argentina, given the long history of economic instability, Economic Ministers were powerful figures which operated as a “*primus inter pares*” among its colleagues; and even a political figure in its own right, very much as a prime minister (the best example being both Domingo Cavallo’s stints, in 1991-1996 and 2000-2001). After 2001, however, the Economics Ministry also started behaving as other non-technocratic ministries. A first hike is visible in 2001, a pattern shared with other ministries

and non-surprising given the nature of the crisis. Nevertheless, the pace of appointments in the Economic Ministry soared after Fernández de Kirchner took office in 2007.

The areas of the National Public Administration in charge of social policy are also eloquent in this respect. The Health Ministry is usually in charge of a large territorial-intensive task, as distributing medicaments and public vaccination campaigns. The territorial bias of its activities make it a very much desired target for ambitious politicians. Between the late nineties and 2002, in addition, the Ministry managed the social plans, a key instrument of clientelism and territorial support building. Despite the creation of the Ministry of Social Development (*Acción Social* and later *Desarrollo Social*) in 2002, appointments at the Health Ministry climbed systematically since the late nineties. Appointments in the Social Development Ministry are shown in Figure 9. The importance that the Ministry gained after the crisis is evident.

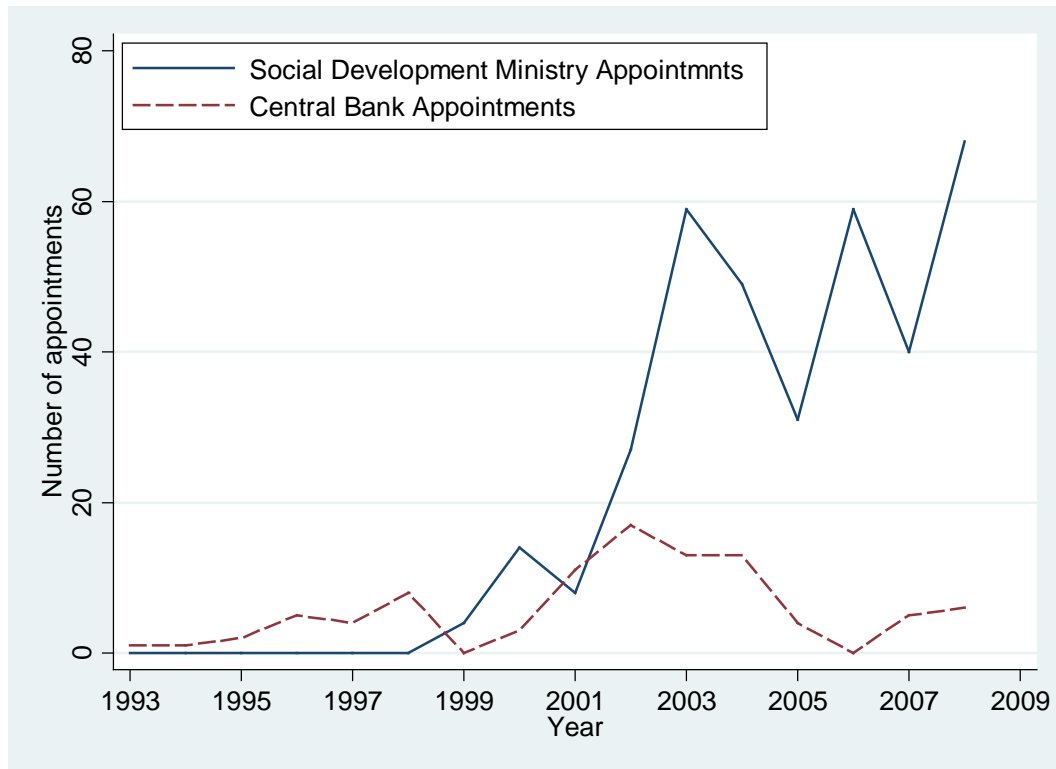


Figure 9. Comparing Appointments: Social Development Ministry vs. Central Bank

The Health Ministry case is representative of public agencies that have *clienteles*. Another examples are the Labor and Education Ministries. Although figures for these ministries are not shown (as the risk is to make this way too long), these former ministries distribute goods, therefore making enticing destinations for appointees looking for distributing patronage.

5.2.1.1 Most dissimilar comparison: Argentina's atomic energy agency versus Social Development. In order to take a closer look, I selected two paradigmatic examples of politicized and professionalized bureaucracies: the Ministry of Social Development and the National Commission of atomic energy. In this respect, I selected the outliers of the distribution (Gerring 2004). This will not show the mean, but the extremes regarding the behavior of the variables under play.

Argentina's *Comisión Nacional de Energía Atómica* (atomic energy commission or CNEA) has a venerable tradition of bureaucratic autonomy in a country generally considered as possessing a low bureaucratic quality. The autonomy of CNEA resulted in Argentina having a significant nuclear development. For example, analyzing Argentina and Brazil's nuclear policy in comparative perspective, Solingen (1993) states that the differences in the developments of both countries is explained by the degree of *autonomy* achieved by the technological bureaucracies (and by the political consensus behind these policies, which is irrelevant to the discussion here). The CNEA in Argentina has had a greater level of autonomy than the *Comissão Nacional de Energia Nuclear* of Brazil. The Argentine model, according to the author, is of high autonomy (and low consensus), while the Brazilian model is high consensus and less autonomy. Solingen's work falls within the context of a very robust literature on the autonomy of state bureaucracies (Evans, 1995; Sikkink, 1993) but reaches nearly opposite conclusions, regarding the position of the cases. Indeed, while Sikkink (1993) concludes that the Brazilian government counted on autonomous and efficient bureaucratic enclaves and this does not happen in Argentina, Solingen reaches the opposite conclusion. The difference lies, as I understand, in the examples that each work analyzes. While Sikkink analyzes economic bureaucracies linked to development policies *Banco Nacional de Desenvolvimento Econômico e Social* (National Bank for Economic and Social Development),

Solingen focuses the attention on nuclear technology bureaucracies. As some works affirm, the Argentine nuclear sector is a "unique" or "white fly" in comparison to the rest of the technological bureaucracies (Hurtado 2012).

As an illustration of this bureaucratic autonomy, between 1946 and 1983 Argentina had seventeen presidents, and with each change of government Presidents usually changed policies radically (Tommasi 2010). The exception is CNEA, which during the same period had only three heads and a significant autonomy for the country's standards (Gadano, personal communication).

The reason for this autonomy is not only the technical nature of its tasks, although this obviously played a role. Brazil's nuclear agency was far more politicized (Solingen 1993) with identical technical requirements. The reason for Argentina's nuclear autonomy was the formation of an "intertemporal coalition" (Gadano 2014) between the Navy (who took control of the project) and the scientists (engineers, physics, chemists) at CNEA. This coalition showed a significant temporal stability and strength to push for funding for its projects, becoming a perfect example of an agency with "embedded autonomy". Obviously, they were able to show significant progress, transforming Argentina in the nuclear leader within Latin America.

An example of this technocratic stance is the fact that CNEA's head for 1976-1983, Admiral Castro Madero, besides his naval activity held a PhD in Nuclear Physics and was an American Nuclear Society fellow.

In short, experts agree on that CNEA is a specialized bureaucracy, with high efficiency, significant inter-temporal coherence and clear results in a context of low state quality and high state personnel rotation.

According to Gadano (2015), the number of political appointees in the upper echelons at the CNEA is zero. **All** of the twenty-two members of the directory are career bureaucrats who

entered the agency at a young age and ascended through the internal ladder. An example is its head, Ms. Norma Boero. She entered the agency in 1978, immediately after graduating with a chemistry degree from the University of Buenos Aires and has remained in the agency ever since.⁷⁵

On the other hand, the Ministry of Social Development is considered as one of the most politicized agencies in the Argentine bureaucracy. The Ministry is in charge of distributing social aid funds and as such is a key piece in the government's distribution of selective incentives. The Social Development Ministry is the target of patronage as a service delivery area. At such, the Ministry is an agency with low levels of autonomy, one where contacts between average "client" and the bureaucracy. The use of political appointees as "street-level bureaucrats" is therefore much appreciated.

According to Iacoviello and Tommasi (2002: 16-17), the latter is a "paradigmatic" example of patronized bureaucracy. According to their work, 60% of its 1700 employees were "parallel bureaucracy" and according to Capitanich and Ferreres (1999) 74% of its expenditure on salaries is spent on *contratados* (parallel bureaucracy).

The Ministry's head is Alicia Kirchner, late Néstor Kirchner's sister and hence sister in law to current president, Cristina Fernández. The vice-minister, Mr. Juan Carlos Nadalich, is also a "penguin", as was Minister of Public Health in the province of Santa Cruz while Kirchner was Governor. The third most important member of the ministry is Carlos Castagneto, the Coordination Secretary, who has been dubbed as the "cashier" within the Ministry as the person in charge of distributing public funds among loyal social organizations.⁷⁶

⁷⁵ http://www2.cnea.gov.ar/que_es_la_cnea/autoridades_presidente.php

⁷⁶ <http://www.lanacion.com.ar/1305891-carlos-castagneto-fiel-custodio-de-la-caja-k-para-politica-social>

If we compare the profile of Ms. Norma Boero with the head of National Lottery (the agency that handles state franchised gambling) the contrast is evident. National Lottery shares the statutory position as the CNEA. Both are decentralized agencies. Its head, Mr. Roberto Armando López is labeled by the press as a loyal “penguin” (kirchnerist) who is a key figure as one of the government’s “bankers” who handles corruption money.⁷⁷ His political career epitomizes the political appointee, especially the path of faction members who arrives to the national government. He arrived to Buenos Aires when Néstor Kirchner took office as President. A Santa Cruz native, he was the head of the Santa Cruz Bank when Kirchner was Governor of the Province.⁷⁸

Another example is the Secretary of Sports. The current individual in charge of the agency is Carlos Espínola. He was mayor of the city of Corrientes, and was rewarded with the position of Secretary for Sports when he lost his bid for the Governorship of the Corrientes province.

Another of the decentralized agencies of the Ministry of Social Development is the Institute for “Associationism” and Social Economy. Its head, Mr. Patricio Griffin, is accused of corruption and money laundering. In addition, it is suspected that he funnels funds to loyal organizations.⁷⁹ Its second, Carlos Vivero, is a member of “Kolina”, the faction that responds to Alicia Kirchner within Peronism.⁸⁰

⁷⁷ http://www.clarin.com/politica/negocios-Cristobal-Lopez-directivos-Loteria_0_1127887233.html

⁷⁸ <http://www.perfil.com/politica/El-titular-de-Loteria-otro-pinguino-clave-en-el-engranaje-financiero-K-20130526-0005.html>

⁷⁹ <http://www.noticiauno.com.ar/secciones/politica/nota.php?id=1408>

⁸⁰ <http://www.noticiauno.com.ar/secciones/politica/nota.php?id=1408>

Visual evidence of this difference can be seen in the following graph, which compares the total number of appointments per year for both the Ministry of Social Development and the Nuclear Agency.

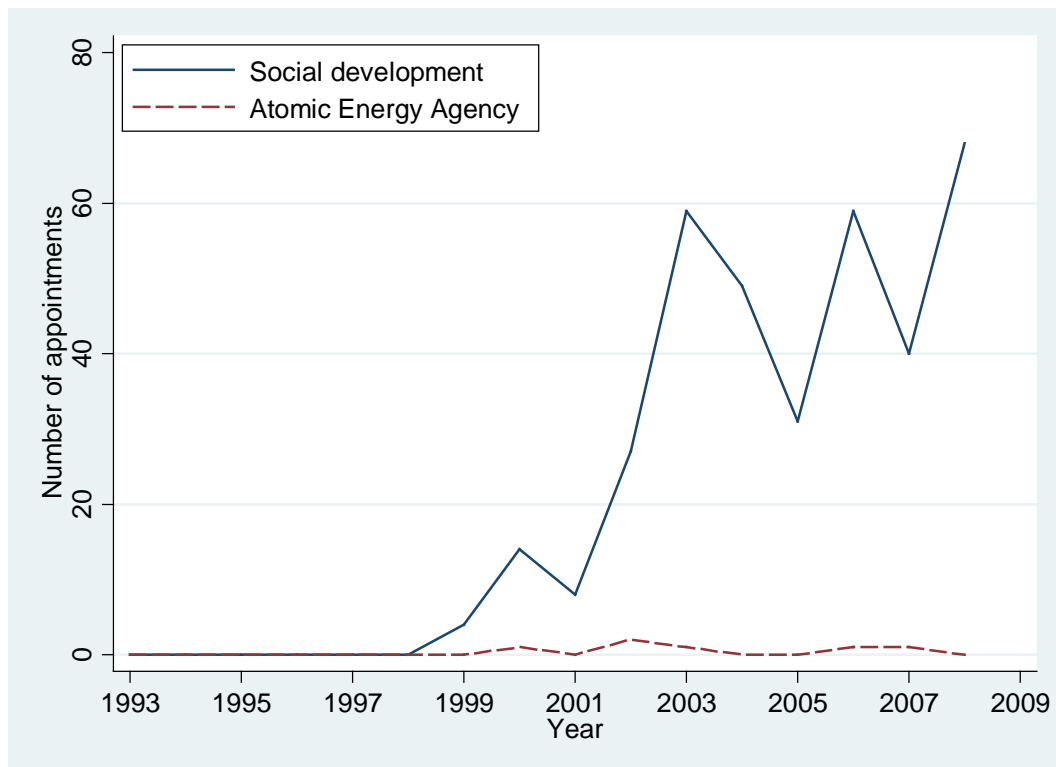


Figure 10. Comparing appointments: Atomic Energy Agency vs Social Development Ministry

As it is clear from the observation of the figure, appointments at the Nuclear Agency remain flat throughout the whole temporal series. This is artifact of the professionalized status of the

nuclear agency: appointments are only made to replace someone. On the other hand, the Ministry of Social Development shows around fifty appointments per year since its creation in 1998. In addition, as the qualitative evidence showed, many of the upper echelons of the agency are occupied with individuals with a clear political rather than technocratic role.

The qualitative information gathered by me shows that the upper echelon of the Ministry present stark differences with the CNEA, as the following table shows:

Table 6. Appointments at the Nuclear Energy Agency and Social Development Ministry

	Political appointees	Meritocratic Appointees	Total
Professionalized agency (CNEA)	0 (0%)	22 (100%)	22
Politicized agency (Ministry of Social Development)	7 (54%)	6 (46%)	13

All of the upper echelons in CNEA are meritocratic appointees and have been working in the agency for many years, and generated a very strong *esprit de corps* (Gadano 2015). On the contrary, I was able to assess the political nature of **at least** 54% of the personnel in the Ministry of Social Development, based on newspaper searches.

5.3 CONCLUSION

This chapter's aim was to give a first glimpse at the dynamics of politicization in Argentina. Looking at the aggregate data and by selected ministries, I hope I was able to show, first, how appointments differ from Ministry to Ministry. Ministries with a higher technical requirement in average are less politicized than other ministries.

In addition, the findings were supported with a more in depth look to two agencies: the Atomic Energy Commission and the Social Development Ministry. The Atomic Energy Commission has had a venerable tradition of insularity and high technical expertise. On the other hand, the Ministry of Social Development has traditionally been a suitable place for political appointments.

The next chapter will finally present quantitative explanations for bureaucratic appointments.

6.0 WHAT DETERMINES APPOINTMENTS? A QUANTITATIVE ANSWER

6.1 INTRODUCTION

Previous chapters laid the ground for the empirical exercise carried out in the present one.

As I already suggested, presidential term determines the timing of appointments: appointments increase substantially as soon as the president takes office. However, this dissertation shows that the president is limited by a governmental and organizational dynamic when deciding when to appoint. Previous accounts (Scherlis 2009: 134) suggest that the given the personalization of presidential power and the “delegative” nature of Argentine democracy (O’Donnell 1994), presidents are completely autonomous in their decision to appoint. As I will show here, governmental/inter-party and organizational/intra-party dynamics are at play and limit the president. More specifically, the president in Argentina indeed is the main player when deciding appointments, but she also wants to garner support from opposition parties, in an European-style

coalition making fashion (governmental/inter-party dynamic); while also having to keep together a loosely institutionalized party (organizational/intra-party dynamic).

This chapter will present the specific hypotheses, variables and variable coding that will allow for the empirical test of dynamics of bureaucratic appointments. Next, I will present the statistical model and analyze its results.

6.1.1 Presidential dynamics.

The presidential term dynamic expects that the immediate days after a president takes office, appointments will take place. The emphasis of the presidential term explanation is on the “time” variable. The closer the inauguration day, the more appointments there will be. As time goes by, fewer appointments will take place, other things equal. This reflects the process by which the President gets control of the bureaucracy. Moreover, it is reasonable to expect that if the transition took place between different parties, appointments will be more significant.

Therefore, I expect that in Argentina appointment decrees will increase in the days following the taking of office by a new president, and a higher rate if the party had been out of power for considerable time. The latter case is exemplified by Fernando de la Rúa, who took office in 1999 after ten years of his party being in the opposition.

I have developed a series of explanatory variables to investigate this question.

In order to construct my dependent variable I examined more than thirty thousand administrative decrees from 1992 to 2009. These are the decrees that Presidents use to run the administration, and should not be confused with the decree authority executives use to legislate (as described in Carey and Shugart 1998). I explored the decrees summary and key words and coded a decree with “1” if the words *designaciones* or *nombramientos* appear. If none of these words appear I coded the decree with a zero. For a first set of models I ran a logistic regression. For a second set of models I ran count models, and hence grouped the number of designating decrees (all decrees coded 1) by month.

For my explanatory variables I first built a time-elapsd variable. These variables indicate the time elapsed since a given point in time. I calculated days that passed since inauguration date. This variable is called “*beginterm*” and measures the number of days since the beginning of the administration.

In addition, and in order to capture the labored transition that can result from switching parties in government, I built a dummy variable that measures if there had been a change in government party in the previous year of the issuing of the decree. This variable is named “*partychange*”. I also tried to capture the increased pressure for appointments of a new administration in its early instances occupying the Presidential Palace. Therefore, I combined these two variables and I created an interaction term between *beginterm* and *partychange*.

In order to capture the complete electoral dynamic, I also created a dummy variable coded 1 if during that year an election was held. This variable allows gauging the use of the bureaucracy as an electoral tool. This variable is named *election*. In order to specifically explore the theoretical possibility of presidential elections being different from legislative-only elections I add a variable named *presidential*. Elections where the presidency was elected were coded 1 in the variable

presidential (all national elections are legislative elections in Argentina, while presidential occur every four years, as in the United States).

6.1.2 Inter-party dynamics

Bureaucratic appointments also can serve as political currency in exchange for electoral and/or political support. This dynamic mirrors the coalition making dynamics consistently researched by political scientists (Amorim-Neto 2006; Browne and Franklin 1973; Laver and Schofield 1990; Martínez-Gallardo 2014). In Argentina, where legislators do not give importance to legislative careers, bureaucratic appointments are better suited to accommodate politicians' ambitions. They allow politicians to avoid legislative tasks (which usually they find uninteresting), while they can distribute perks and maintain connections with their local provinces. Therefore, bureaucratic appointments should function as tools for coalition building.

If it is true that bureaucratic appointments are related somewhat to coalition building among government and opposition parties, then the former should be related to minority situations in the assembly. To test this proposition, the variable "*minority*" is coded 1 if the presidents' party lacks a majority of seats in any chamber of Congress. In order to explore this question more profoundly, I also measured the share of the president's party in both chambers. These variables are *house* and *senate*. These variables are measured as continuous, as they are the percentage of seats that the government party has in the relevant chamber under analysis.

6.1.3 Intra-party dynamics

I also explore the party organization dynamic as a possible explanation for bureaucratic appointments. In a country with low levels of bureaucratic professionalism and wide presidential powers (Shugart and Carey 1992), appointments can serve as a way of building support within its party for a faction that reached the presidency. In other words, this process refers to the need to hold together a very fractionalized party. This aspect is related to the increasingly de-institutionalization of parties and the party system in Argentina, which brought increased levels of party de-nationalization.

It is very difficult to measure party institutionalization, as it is a multifaceted concept that has, in some accounts, included aspects such as age or popular support (Mainwaring and Scully 1995). I am interested in the institutionalization components that relate to party organization vigor, an element highlighted by Levitsky (2003). I strongly believe, as Levitsky does, that the federal factor plays an important role in the lack of formal institutionalization of Argentine parties, especially Peronism. The organization of Argentine parties as confederations of sub-national units affects the degree of party institutionalization.

Therefore, in order to measure the degree of party regional fractionalization, I calculated a continuous variable labeled *nationalization* from the inequality in electoral results across different units within a country (Jones and Mainwaring 2003). As it has already been suggested, party nationalization has an effect on legislators careers (Ames 2001). As the party is more de-nationalized, sub-national issues are likely to become more important in legislative careers. By this token, the more de-nationalized the party is, the more substantive coalition making the

president has to make. Therefore, I expect increased appointments when the government party is less nationalized. This is, as parties are less nationalized, the President has to make more appointments.

I use Jones and Mainwaring (2003) methodology. They built a Gini index of inequality of electoral results within a country's subnational units. It is important to note that this measure is not a perfect assessment of party division among competing factions. First, it does not measure ideological differences, only regional differences in party's vote share. In addition, although qualitative evidence for the Argentine case suggests they are correlated, not necessarily a fractionalized party results in difference in vote share (the "rebel" faction might obtain roughly the same percentage than the presidential faction). This said, I believe this index is a good proxy of my latent variable of interest. First, as already mentioned, if a party is more de-nationalized sub-national issues became more relevant. This is particularly relevant for legislative careers and for executive-legislative relations. As Jones and Mainwaring (2003: 144) argue, highly nationalized party systems result in national issues more central and easier legislative coalitions with the president, who responds to a national electorate. A 'patchwork' or weakly nationalized party system where sub-national issues are more important the central party leadership may be less able to deliver its legislative support. Second, as Gibson and Calvo (2000) show, party system nationalization strongly influences the decision on national transfers to sub-national units. Where a party's base of support is relatively constant across geographic units, it may be more likely to treat all units equally. At its turn, where its support varies widely across geographic units, decisions are based on the degree of support it receives. By the same token, bureaucratic appointments (as transfers, they are also a way of building support) can also be expected to depend on variation across geographic lines.

In an attempt to assess the role of party age I utilize the measure of party institutionalization developed by Mainwaring and Pérez-Liñán (2013), that measures number of years a party has existed under democratic rule. My presumption is that parties that function under democracy for a significant period of time generate more robust rooting among society and a more established and stable organization. In addition, older parties have more chances of enjoying an independent and firmly established routinized party organization, autonomous from ambitious leaders. If all this is true, well organized parties will be less dispersed among several sub-units within the party. Therefore, the variable *institutionalization* applies the measure developed by these authors for the Argentine case.

Table 7 describes the variables for the model of appointments in the Argentine bureaucracy. Table 8, in addition, shows some descriptive statistics for variables used.

Table 7. Variables and measurement

<i>Variable</i>	<i>Variable Description</i>
Dependent Variable	
<i>Appointments</i>	1 is decree summary includes the words “ <i>designaciones</i> ” or “ <i>nombramientos</i> ”; 0 otherwise.
Presidential term dynamics	
<i>Beginterm</i>	Time elapsed variable, measured from beginning of presidential administration (0 on inauguration day, 1 on administration’s first day, and so on).
<i>Partychange</i>	1 if there has been a party change in the previous twelve months. 0 otherwise.
<i>Beginterm*Partychange</i>	Interaction term.
<i>Election</i>	1 if the decree year was an election year; 0 otherwise.
<i>Presidential</i>	1 if the decree year was a presidential election year; 0 otherwise.
Inter-party dynamics	
<i>Minority</i>	1 if president’s party enjoys less of 50% of seats in either congressional chamber; 0 otherwise.
<i>Phouse</i>	Percentage share of president’s party in the Chamber of Deputies.
<i>Psenate</i>	Percentage share of president’s party in the Senate.
Intra-party dynamics	
<i>Nationalization</i>	Index of party nationalization as used by Jones and Mainwaring (2003).
<i>Institutionalization</i>	Party institutionalization in Congress, following Pérez Linán and Mainwaring (2013).

Table 8. Descriptive statistics

Variable name	Mean	Standard Deviation	Minimum	Maximum
<i>Appointments</i>	.058	.234	0	1
<i>Beginterm</i>	1245.821	1047.28	0	3806
<i>Partychange</i>	.203	.402	0	1
<i>Beginterm*Partychange</i>	203.765	744.768	0	3806
<i>Election</i>	.49	.5	0	1
<i>Presidential</i>	.260	.439	0	1
<i>Minority</i>	.09	.286	0	1
<i>House</i>	.522	.100	0	.794
<i>Senate</i>	.581	.14	0	.903
<i>Nationalization</i>	.806	.057	.695	.881
<i>Institutionalization</i>	4.786	.587	3.625	5.499

6.2 FINDINGS

As the dependent variable *designation* is a categorical variable, I ran a series of logistic models.⁸¹ Table 9 show the coefficient estimates for the seven models. Robust standard errors were used in order to avoid inconveniences given eventual violations of the model assumptions. Long and Freese (2006: 70) make a compelling case for the utilization of robust standard errors given the fact that most researchers miss-specify the model and therefore usual standard errors are incorrect. However, models with traditional standard errors (not reported) did not yield substantive different results.

⁸¹ All statistical models were estimated with Stata 11.

Table 9. Logistic regression results

ML Estimates					
Dependent Variable: Decree appoints individual to federal bureaucracy					
	Model 1	Model 2	Model 3	Model 4	Model 5
Beginterm	-0.000 (5.67)***	-0.000 (3.99)***	-0.000 (5.87)***	-0.000 (5.44)***	-0.000 (4.56)***
Party Change	0.313 (3.55)***	0.472 (5.39)***	0.544 (7.97)***	0.416 (4.51)***	0.707 (7.61)***
Beginterm* PartyChange	-0.000 (6.94)***	-0.000 (10.21)***	-0.000 (8.71)***	-0.000 (7.46)***	-0.000 (11.74)***
Minority	-0.131 (2.03)*	-0.008 (0.13)			
Nationalization	-5.726 (15.89)***	-6.268 (17.90)***	-6.225 (19.39)***	-5.993 (17.52)***	-6.477 (19.90)***
Institut.	-0.126 (2.69)**	-0.092 (1.95)		-0.099 (2.10)*	-0.096 (1.98)*
Election	0.171 (5.93)***		0.154 (5.42)***	0.160 (5.58)***	
Presidential		0.451 (14.47)***			0.507 (15.91)***
House			-0.890 (2.49)*	-1.097 (2.95)**	-1.981 (5.13)***
Senate			0.226 (0.94)	0.396 (1.56)	0.707 (2.72)**
N	33,543	33,543	33,543	33,543	33,543

Standard errors between parentheses.

*Significant at 95%

**Significant at 99%

***Significant at 99.9%

I will first describe the statistical models results at a general level. I will then discuss more substantively the results for each set of hypotheses.

Model 1 estimates a model of the following form

$$\Pr(\text{designaciones}=1) = F(\beta_0 + \chi\beta_{\text{beginterm}} + \chi\beta_{\text{partychange}} + \chi\beta_{\text{beginterm}*\text{partychange}} + \chi\beta_{\text{minority}} + \chi\beta_{\text{nationalization}} + \chi\beta_{\text{pinstitutionalization}} + \chi\beta_{\text{electoral}}) \quad (\text{Equation 5})$$

Model 2 changes the measure of the electoral calendar to the more specific variable *presidential*, which measures the occurrence of presidential elections only. Model 3 drops the variable *minority* so as to include more specific measures to assess the legislative standing of government by including separate minority measures for the lower chamber and the senate in the form of variables *house* and *senate*. In addition, it also drops the variable *institutionalization*. Model 4 recovers the latter variable. Finally, Model 5 measures the legislative standing through variables *House and Senate*, the electoral cycle through *Presidential* and keeps the measure of party institutionalization through *institutionalization*.

6.2.1 Measures of fit

Table 10 presents measures of fit for the models.

Table 10. Measures of fit

	Model 1	Model 2	Model 3	Model 4	Model 5
Pseudo R^2	0.029	0.033	0.029	0.03	0.035
McKelvey and Zavoina's R^2	0.054	0.061	0.053	0.054	0.063
LR χ^2	1043.72	1208.41	1074.45	1070.28	1276.24
Prob> χ^2	0.000	0.000	0.000	0.000	0.000

Although there is no convincing evidence that selecting a model that maximizes the value of a given measure of fit results in a model that is optimal in any sense other than the model having a larger value of that measure (Long and Freese 2006: 118), it is worth noting that Models 2 and 5 receive larger scores on both the Pseudo R^2 and the McKelvey and Zavoina's R^2 within very

similar scores among all seven models on both counts⁸². Models 2 and 5 receive .061 and .063 respectively on this latter measure, which can be considered a very rough measure of better fit (Long and Freese 2006: 117). While small, it is important to note that “low R^2 values in logistic regression are the norm and this presents a problem when reporting their values to an audience accustomed to seeing linear regression values” (Hosmer and Lemeshow 2000: 167).

6.2.2 Hypothesis Testing with Logit

Models with categorical dependent variables do not lend themselves to simple interpretations, as coefficient estimates “are difficult to interpret and only indirectly related to the substantive issues that motivated the research” (King, Tomz and Wittenberg 2000: 348). However, directionality and significance can be directly evaluated from the model estimation.

A careful reading of table 9 shows general support for the hypotheses suggested earlier. The z tests (Wald tests)⁸³ for the variables analyzed show, with a few exceptions, support for the

⁸²Hagle and Mitchell (1992) find that the McKelvey and Zavoina’s R^2 most closely resembles the R^2 reported in linear regression models.

⁸³ The z statistic formula is $z = \frac{-\beta_k - \beta_x}{-\theta - \beta_k}$. Under the assumptions justifying maximum likelihood, if H_0 were true, then z is distributed approximately normally.

hypothesized relationships. This means that I can reject the null hypothesis for most of the explanatory variables.

In terms of the electoral cycle explanations, the evidence suggests that the latter can explain the politicization dynamic. The coefficient estimate of *beginterm* is statistically significant at the 99.9% level in all models and it has the predicted direction. The coefficient estimate is negative, which is convergent with my hypothesis. This means that as time passes since inauguration day, appointments decrease, indicating that there is some concentration of appointments at the beginning of the presidential term. It is important to note that this effect is statistically significant but coefficient estimates are small. This does not mean that the effect is substantively weak but just that the variable is measured in days, which is a very small unit.

In addition, *partychange* is positive and also achieves significance at the demanding 99.9% level throughout all specifications. This means I can reject the null hypothesis that a change in the party holding the presidency has no effect over appointments. Indeed, a change in the party in government is positively associated with more bureaucratic appointments.

The interaction between these two variables is significant at the 99.9% level across all models. Its direction is negative. It is important to note, however, that no definitive information about the nature of interaction among independent variables in influencing $\Pr(Y)$ can be learned from the sign and magnitude of a product term coefficient in a logistic regression (or probit, for that matter)⁸⁴. As Berry, DeMeritt and Esarey (2010: 265) indicate, testing the statistical

⁸⁴There can be substantial interaction among independent variables in influencing $\Pr(Y)$ even when the coefficient for all product terms is zero, (2) there can be little interaction among independent variables in influencing $\Pr(Y)$ even when product term coefficients are large, and (3) when there is both strong interaction between two independent variables in influencing $\Pr(Y)$ and a statistically significant product term, the direction of their interaction in

significance of the product term is necessary to confirm a hypothesis that independent variables interact in influencing the unbounded latent dependent variable. But doing so does not explain the nature of the interaction between the variables in influencing $\Pr(Y)$. This can only be assessed by direct examination of estimated effects on $\Pr(Y)$, which I will do later.

At its turn, the legislative explanation for appointments also receives empirical support. The coefficient estimates for the variable *minority* were not found to be significant in one model and comes with the “wrong sign” in another one. However, the more specific variable *house* does so. *House* reflects the legislative dynamic described above. An increase in the president’s party legislative share has a significant negative effect on the probability of bureaucratic appointment. This variable is significant at (at least) the 95% level (and even $z=-5.13$, $p<0.001$ for a two-tailed test in Model 5) when it was included as an explanatory variable. The opposite is obviously true: as the share of the president’s party decreases, the president appoints more individuals to the bureaucracy. This finding lends support to the hypothesis I suggested earlier as part of an “inter-party” dynamic: bureaucratic appointments are used by the executive as a way of building support for his administration. As discussed earlier, this should be considered an alternative way of building government coalitions, analogous to cabinet portfolio distribution under European parliamentary governments.

The variable *senate* behaves differently. In opposition to the coalitional dynamic described above, in this case the variable fails to achieve significance in all models except one, and it comes there with the “wrong” sign. However, there might be an explanation for this behavior. First, it

influencing $\Pr(Y)$ can be opposite from the direction of their interaction in influencing the unbounded latent variable Y^* (as indicated by the sign of the product term coefficient).

should be noted that for the larger part of the time span considered in this work, the Senate has not been an arena where the government party needed to build coalitions: the *Justicialista* Party (the government party for all years in the series with the exception of 1999-2001) has enjoyed a majority in the Senate since Argentina restored democracy in 1983. This phenomenon has been already widely explained (Calvo and Abal Medina 2001) and has to do with the combination of the Senate's majoritarian bias combined with the electoral success of the party in the scarcely populated and poorer provinces of the country, which results in a "party bias" in the Senate. So, with the exception of only two years in the time range, the Senate has not been an arena where the government party has found itself in a minority. In addition, the Senate has to approve appointments in the Foreign Service and Judiciary (the latter not included in the database)⁸⁵. Therefore, in the Senate (which is not used as an arena of coalition building), the executive sometimes *needs* to have a majority to obtain appointments. This ambivalent relationship and the lack of the upper chamber as a coalition building arena might help explain the lack of evidence of the legislative hypothesis in the Senate.

The variables that measure the electoral cycle also receive empirical support. The coefficient estimates for the variable *Election* are positive and significant at the 99.9% level throughout the three models in which it was included. The variable measures whenever there is a national election in the year in which the appointment decree was issued. Election years take place every two years, and always include a legislative election. Presidential elections take place every four years. In order to distinguish the possible effects of presidential elections over appointments,

⁸⁵ A theoretical possibility is to exclude from the database appointments in the Foreign Service. However, I believe that this would mean excluding relevant information on how the president builds support.

the variable *Presidential* is included in some of the models. The coefficient estimates for the latter variable are also positive and significant in all models, at the demanding 99.9% level. All this suggest that appointments are correlated with the electoral cycle, as I have suggested earlier. This confirms the impression by many analysts that the bureaucracy in Argentina is less than autonomous as it is affected by political variables, a process labeled “politicization”. The utilization of the bureaucracy in terms of electoral needs is strong evidence of politicization.

Previously, I also explored theoretically the possibility that the bureaucracy is utilized politically but with a “partisan bias”; by which the bureaucracy serves as a tool for support building within the ruling party. This logic is somewhat different than the one described above, as the latter is related to the European coalition building logic (giving out positions to other parties in order to cement support). The one I am dealing with now has to do with the need of holding together a fractionalized party. This need makes the president to give away positions in the federal bureaucracy to members of different territorial factions of the party.

The “holding together” hypothesis also receives empirical support. The coefficient estimates of the variable *Nationalization* are significant at the challenging 99.9% level. The coefficient estimates are negative, which is the expected sign. As the nationalization index increases (the party is more nationalized), the executive appoints less individuals to the bureaucracy. As I discussed earlier, I believe that this measure is a good proxy of the degree of party fractionalization in Argentina.

On the other hand, the variable *institutionalization* also receives empirical support, although at first sight it seems that less solidly. It comes with the “correct” sign in all models and achieves significance in all models but one. However, it comes with the expected sign in the latter model (Model 2). The probability levels in the statistical output are for two-tailed tests. That is,

the result corresponds to the area of the curve that is either greater than $|z|$ or less than $-|z|$. When theory suggests the sign of the coefficient, a one-tailed test can be used, and H_0 is only rejected when z is in the *expected* tail. In model 2, $P > |z|$ is .051. This is the proportion of the sampling distribution for z that is less than -0.95 or greater than 0.95 . Since I want a one-tailed test and the coefficient is in the expected direction, we only want the proportion of the distribution less than -0.950 , which is $.051/2 = .026$ ⁸⁶. This means that the coefficient estimate is significant at the 97% level. I can conclude that an increased level of party institutionalization does significantly affect the probability of a decree containing a bureaucratic appointment ($z = -1.95$, $p = .051$ for a one-tailed test). In the rest of the models it is significant at the 95% level or even higher, achieving significance at the stringent 99.9% in the last model. Therefore, there is enough empirical evidence that suggest that appointments are correlated with party age and existence under democratic regimes (Long and Freese 2006: 109).

To summarize this first cursory look at the statistical results, the results of the logistic regression model support the hypothesis that the distribution of bureaucratic appointments serve a series of political objectives. The null hypothesis can be rejected for almost all variables in different specifications. There is evidence that the presidential term has a significant effect on the dynamic of appointments. In addition, bureaucratic appointments are also affected significantly by the legislative standing of the government party. Finally, there is some evidence that the internal dynamic of ruling parties also affect bureaucratic appointments. All of the mentioned effects demonstrate that Argentine bureaucracy suffers of “politicization”. The effect of the independent

⁸⁶ Notice I cannot divide the $P > |z|$ figure for the (non-significant) coefficient estimates for the variable *Senate* presented above as I did with *institutionalization* as the former did not come with the expected sign.

variables, in addition, is not simultaneously equal to zero, as the likelihood ratio and its correspondent chi-squared test demonstrate.

6.2.3 Substantive interpretation: Predicted Probabilities

As I previously mentioned, besides significance and direction, there is no direct interpretation of coefficient estimates obtained from the logistic model. Therefore, I will focus on predictions based on these coefficients, as the marginal effects and predicted quantities are the keys to understanding the relationships of interest in the population. As Bramborg, Clark and Golder (2006: 74) note, when using logistic models the analyst “is not concerned with model parameters per se; he or she is primarily interested in the marginal effect of X_1 on $\Pr(Y)$ for substantively meaningful values of the conditioning variable X_2 ”. This is therefore what the following substantive interpretation will provide.

A marginal effect of a change in the independent variable of interest on the probability of success or the discrete difference in the probability of success due to a change in the independent variable of interest is more informative than mere coefficient estimates (Hanmer and Kalkan 2013: 264). In order to provide more meaningful interpretation of the models presented, I calculated

predicted values of the outcome for specified values of the independent variables⁸⁷. This will allow summarizing the results and getting a better general feel for the factors affecting bureaucratic appointments.

First, I will examine the range of predicted probabilities from the model. This is the probability of a positive outcome for each observation, given the values on the independent variables for that observation. The predicted probabilities in the sample range from .124 to .679, with a mean predicted probability of the president issuing an appointment of .268 and a standard deviation of .089. Figure 10 plots the predicted probabilities of my sample.

⁸⁷ All post estimation tests were calculated using the SPost package (Long 1997).

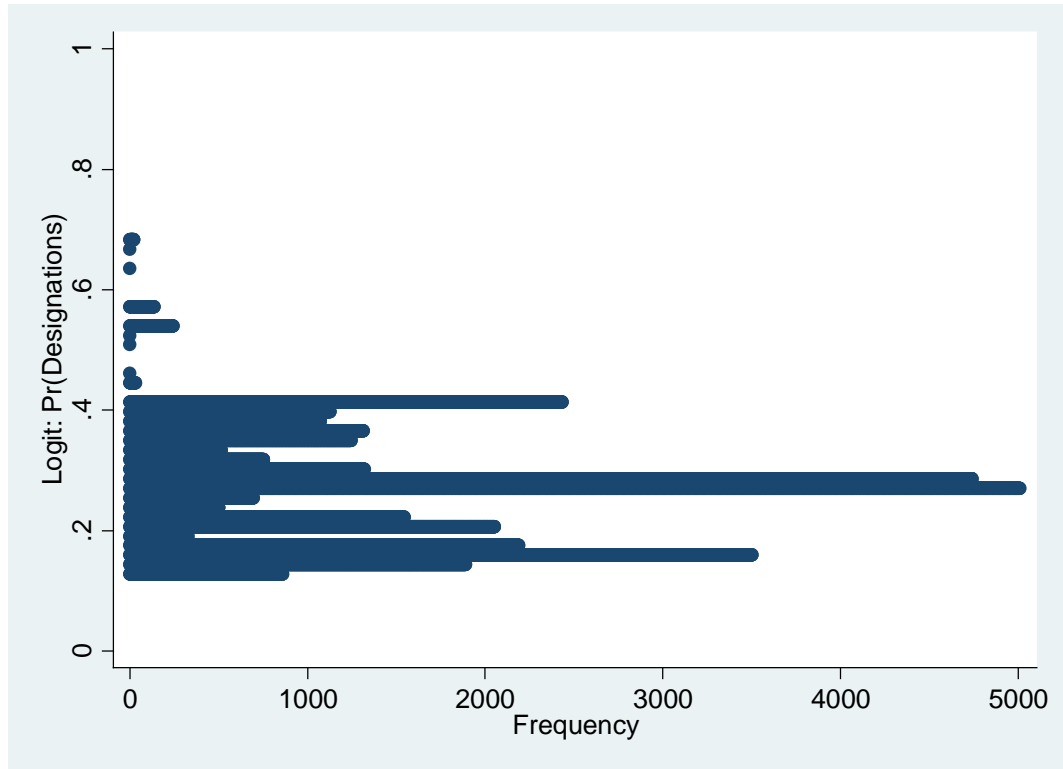


Figure 11. Predicted probabilities of whole sample

The plot clearly shows that the predicted probabilities for individual observations do not span the entire range from 0 to 1 and that roughly all the observations have predicted probabilities between 0.15 and 0.4.

To better understand substantive findings, it is more effective to compute predictions at specific informative values of the explanatory variables. This allows manipulating values of the latter and comparing the values that the dependent variable takes as a result. I therefore computed

predicted values of the outcomes for a single set of specified values of the independent variables and computed differences in predictions for both sets of values.

Let's turn then to individual predicted values of the outcomes for specified values of the independent variables and differences in predictions for two sets of values.

Let's start with variables associated with the "presidential term" set of hypotheses. Recall the hypothesized relationship between time and appointments. Presidents need to appoint more people as soon as they take office, for obvious reasons. As times goes by appointments decrease. This almost linear relationship is graphically depicted in Figure 12.⁸⁸

⁸⁸ The number of days depicted in the graph (and in subsequent graphs including time related variables) is limited to a presidential term (four years, or 1460 days).

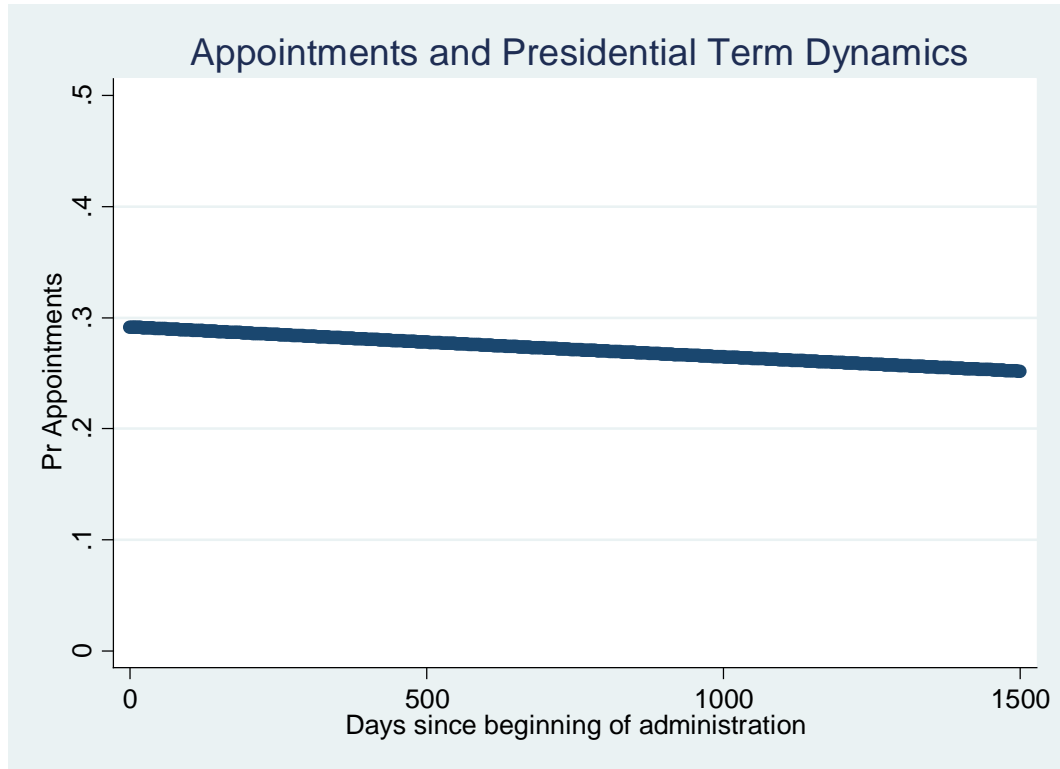


Figure 12. Appointments and Presidential Term Dynamics

Although the curve depicted is not a very steep one, it is clear that throughout a four year presidential period appointments decrease, with all other variables kept constant. This figure visually shows the need for appointments at the beginning of the presidential term.

At its turn, Table 11 shows the effect of a change in the values of the dummy variable *Party Change*, with all the remainder of independent variables at their mean.

Table 11. Predicted values for variable *partychange*

	No Party Change	With Party Change
Designations	0.228	0.375
No Designations	0.772	0.625

If there is no change in the party occupying the *Casa Rosada* governmental palace (*partychange*=0), the probability of the president issuing a decree including a bureaucratic designation is of .228. As hypothesized, this probability increases if there has been a change in the party occupying the presidency. Indeed, this number jumps to .375 if there has been a party color change in the previous months (*partychange*=1).

What is the combined effect of *Party Change* with the time effect? Table 12 explores this question by illustrating the combinations of possible outcomes of the dependent variable given specified values of the independent variables *beginterm* and *partychange*.

Table 12. Predicted probability of appointment combining effect of *partychange* and *beginterm*

Probability of designation	No Party Change	With Party Change
Early on term ⁸⁹	0.263	0.419
Late on term ⁹⁰	0.176	0.303

As it can be seen in table (and in accordance with the theoretical expectations laid out above), later on the presidential term and without party change (and all other variables at their mean), the probability of an appointing decree is low: less than 0.2. Under the same conditions but very early on the presidential term, the probability jumps to .263, given the effect of the variable *beginterm* already described. If there has been a change in the government party, probabilities increase significantly. The probability of an appointment later in the term but with a party change is of 0.3. Finally, as soon as a new party takes office (which means variable *beginterm* at a low point and dummy variable *partychange* with a value of 1), the probability of the president issuing an appointing decree climbs up to 0.419.

⁸⁹ Variable *Beginterm* at its minimum.

⁹⁰ Variable *Beginterm* at its maximum.

Figure 13 depicts this presidential term dynamics.

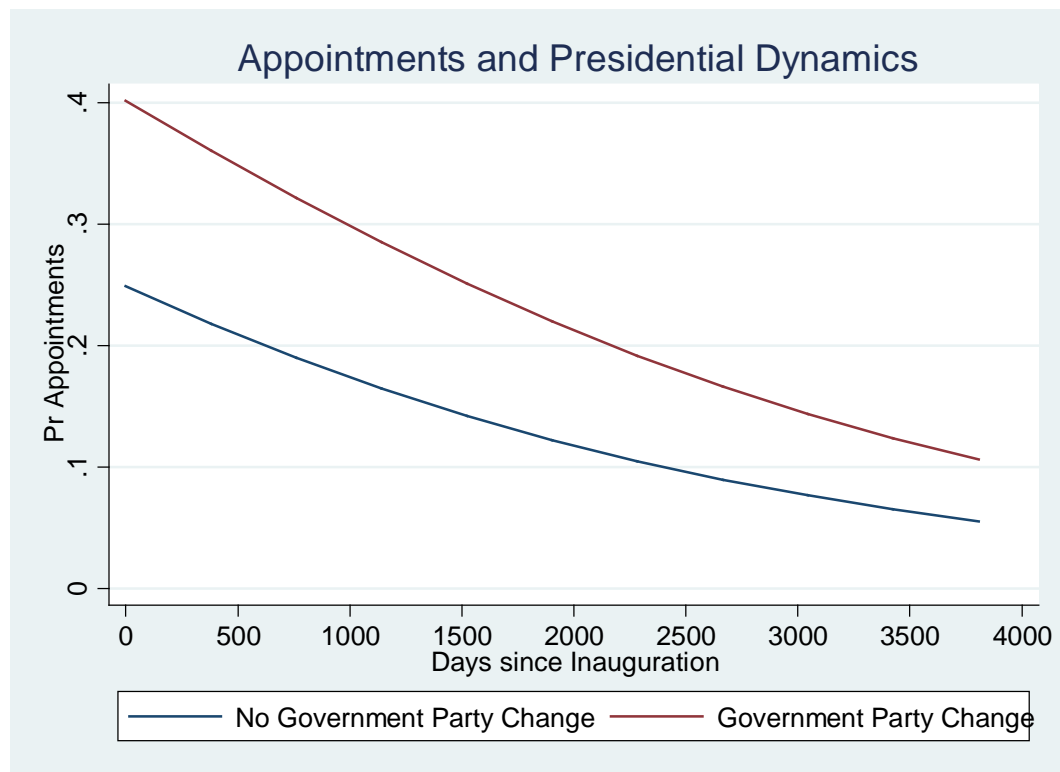


Figure 13. Presidential Term Dynamics

Note that appointments decrease as time passes since inauguration day. In addition, it is important to note the effect of a change in the party controlling the executive. A party change in the last year results in a significant shift in the number of appointments, other things equal. At the

beginning of the term, a change in party government can change the probability of appointments from around .25 to more than .4, as discussed regarding table 4 and shown graphically in Figure 12.

Table 13 shows a similar effect, but now combining the effect of variable *partychange* and the interaction term *partychange*beginterm*.

Table 13. Predicted probability of interaction term variable

	Probability of designation
<i>Beginterm*Partychange</i> low (earlier on term)	0.276
<i>Beginterm*Partychange</i> high (later on term)	0.063

The results the substantively meager effects of the interaction term, as the probability of appointment does not increase substantively when interacted with the fact that a new party has accessed to the Presidency.

Regarding the presidential term dynamic, I had also hypothesized about the effect of electoral years. I will explore now in table 14 the predicted outcomes for a cross-classification of categorical independent variable *electoral*, while other independent variables are held at their mean.

Table 14. Predicted probabilities of variable *electoral*

	Non-electoral year	Electoral year
No Designations	0.755	0.725
Designations	0.245	0.276

In order to also explore this issue substantively, Table 14 shows the predicted values of different settings of the variable *electoral*. Table 14 shows that the predicted probabilities of a designation jump from .245 to .276 on an electoral year, holding the rest of the explanatory variables at their mean.

What about presidential only electoral years? Table 15 tackles on that question. As it becomes evident, a presidential election year makes the probability of a bureaucratic designation jump from .234 to .336, with all the remained of the independent variables at their mean.

Table 15. Predicted probabilities for variable *presidential*

	Non-presidential electoral year	Presidential election year
No designations	0.766	0.664
Designations	0.234	0.336

Which is the combined effect of election years and change in government party? In terms of the variables employed in this work, this means assessing the joint effect of categorical variables *electoral* and *partychange*. Table 16 explores this interaction, showing the probability of a presidential decree appointing an individual to the bureaucracy given the interaction of four different scenarios.

Table 16. Predicted probabilities for variable *partychange* and *electoral*

	No Party Change	Party Change
Non Electoral Year	0.229	0.311
Electoral Year	0.259	0.346

It can be seen that the combination of a non-election year and no-party change (with all other explanatory variables at their mean) results in a predicted probability of 0.23. According to my theoretical expectations, this is the “lowest appointment probability” of the four possible outcomes. The data corroborates my prediction, as any change in the value of the variables under study increases the appointment probability. By changing the year to an election year appointments go up to .26. At its turn, modifying *partychange* to a value of 1 increases appointments to .3. Finally, assigning a positive outcome to both explanatory variables results in a probability of observing a bureaucratic appointment of 0.35.

Table 17, at its turn, explores this same question but assuming that the election taking place a given year under scrutiny is a presidential one (variable *presidential*). In other words, it interacts variables *partychange* with *presidential*.

Table 17. Predicted probabilities for variables *partychange* and *presidential*

	No Party Change	Party Change
No Presidential Election	0.212	0.347
Presidential Election Year	0.294	0.45

When the party occupying the governmental palace has been there for longer than a year and there is no presidential election scheduled for that year, the probability of an appointment is a

meager 0.2. By scheduling a presidential election that year, the probability of an appointment climbs up to almost 0.3; and bringing a new party to the Presidency does so to 0.35. Finally, both a party change and a presidential election year would result in a probability of .45.

Recall I had hypothesized that bureaucratic appointments were also the product of inter-party dynamics. I will turn now to explore this question. More specifically, which is the substantive impact of the coalitional pattern of bureaucratic appointments, a hypothesis that received statistical support, as noted above? Table 18 allows for substantive interpretation of this as it presents the probabilities of positive outcomes for the dependent variable on different values of the lower chamber party delegation (variable *house*). In other words, it interacts variables *designations* with *house*. Note the effect that the government's party delegation in the House has over bureaucratic appointments.

Table 18. Predicted probabilities for variable *house*

	Low Party Delegation in the House	High Party Delegation in the House
No Designations	0.505	0.831
Designations	0.495	0.169

A President short of a minority in the House will need to make appointments in the federal bureaucracy in order to build support, as per the hypothesis presented above (which, as readers

may recall, received statistical support in terms of significance). This can be seen in the predicted probabilities shown in Table 18. Holding all other explanatory variables to their means, the maximum value of the variable *house* yields a probability of appointment of only .169. In other words, a large delegation in the House makes appointments less necessary, which explains the relatively low number. Modifying the value of *house* to the minimum value it takes in the sample (i.e., making the government a minority one) results in a probability of appointment of almost .5, a figure which lends support to the coalitional logic behind bureaucratic appointments that was suggested earlier.

Figure 14 depicts the relationship between government's party House delegation and the Presidential term described above. Note how the effect of the number of the president's deputies described numerically in table 18 interacts with the time effect.

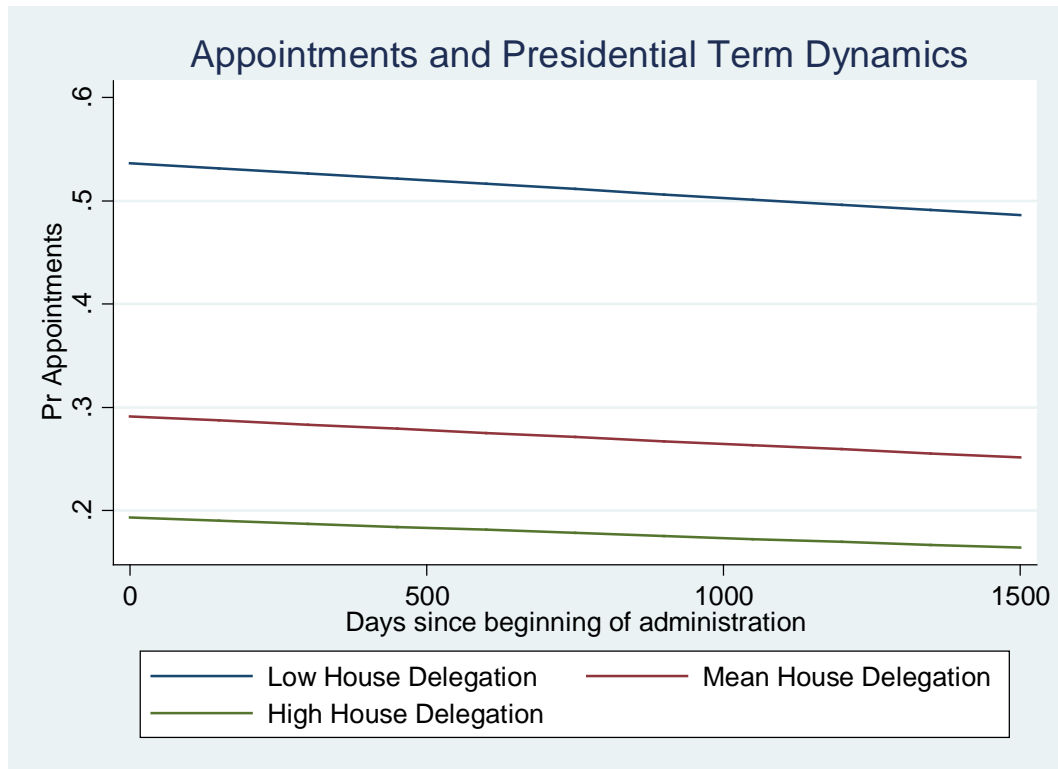


Figure 14. Presidential Term and Inter-Party Dynamics

It is evident here (as it was in Figure 12) that the time effect is not very strong (although statistically very significant). The effect of the President's House delegation, however, is remarkable (and also statistically significant). A president who at the beginning of her term has weak legislative support in the lower chamber has a probability of appointing someone to the bureaucracy of more than .5 (and a little less well into her term). This number drops to .3 and less than .2 if she enjoys medium and little legislative support, respectively.

I will turn now to the effect of the variable *nationalization*. Table 19 illustrates the effect of the party nationalization over the need of the president to appoint individuals to the bureaucracy.

Table 19. Predicted probabilities for variable *nationalization*

	High Nationalization	Low Nationalization
No designations	0.824	0.583
Designations	0.176	0.417

As it becomes evident from looking at the table, the effect of the variable *nationalization* is remarkable. Recall that I hypothesized that as a party becomes *less* nationalized, the president relies more in appointments as to compensate the degree of regional diversity that can ensue. This hypothesis was corroborated with the z -test (Wald test) in the logistic model already discussed. Now, regarding substantive interpretation of effects, Table 19 shows that with high nationalization the probability of a positive outcome on the dependent variable is of .176, but when nationalization is low this figure jumps to .417, indeed a major increase.

The effect of the degree of party nationalization over appointments can be better grasped graphically in Figure 15.

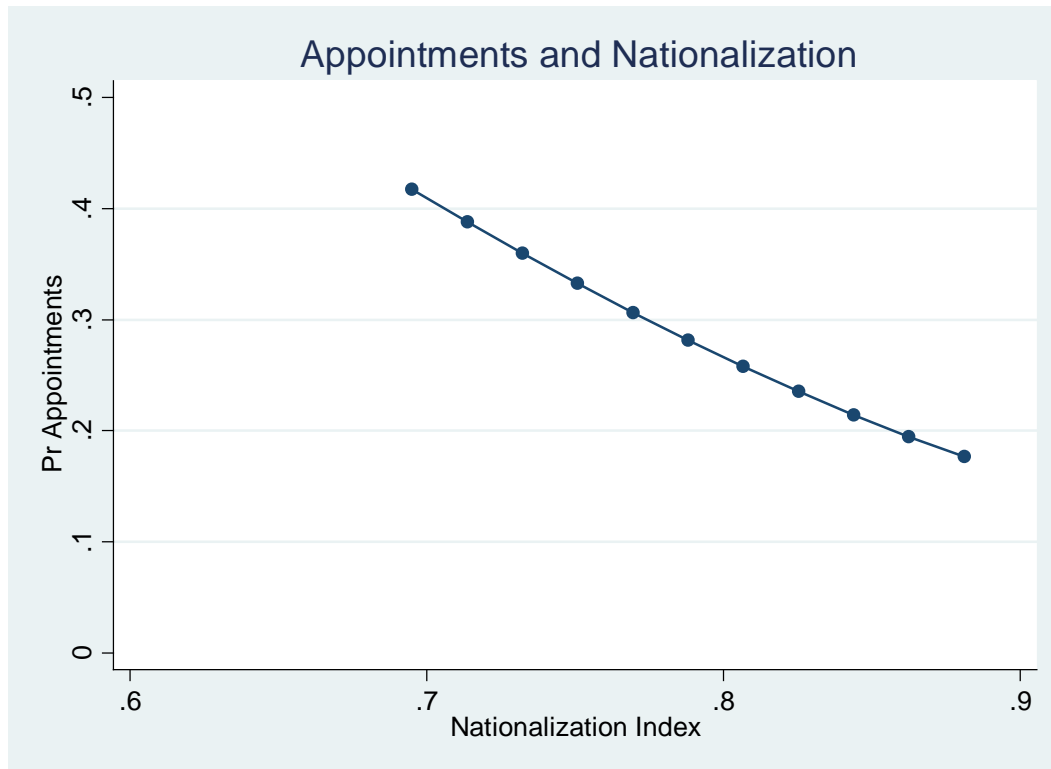


Figure 15. Appointments and Nationalization

The latter figure⁹¹ represents the inverse effect of nationalization over appointments. It becomes evident that as nationalization increases (ie, a party becomes receives more homogeneous support) appointments decrease, as the President needs less to compensate regional factions that

⁹¹ Figure 5 is truncated in the x-axis for better visualization, as argentine parties move along a range of the nationalization index that starts at approximately 0.7. All figures that include the variable *nationalization* in the x-axis are truncated in the latter.

are exotic to her own. Recall that in the case of party nationalization, differences in regional support is a good proxy of regional factions that do not accompany the President (Leiras 2007).

I will explore now the interaction between party nationalization and the effect of the presidential term dynamics and presidential house delegation.

Figure 16 tackles the relationship between nationalization and presidential term dynamics.

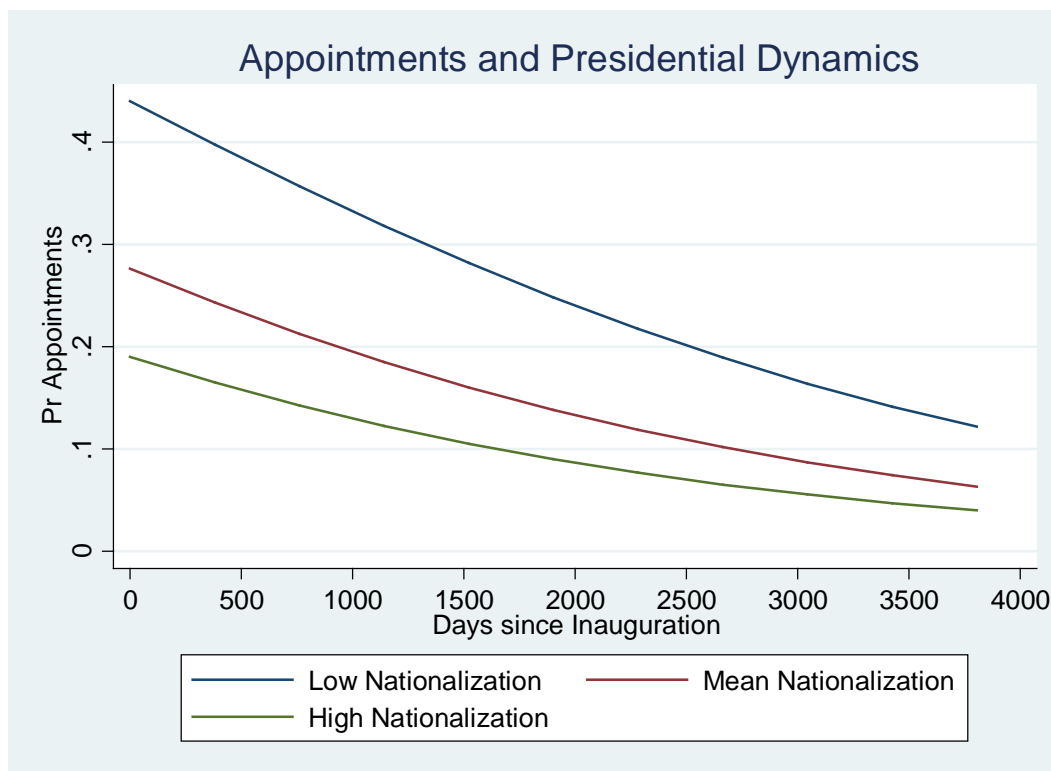


Figure 16. Appointments and Presidential Dynamics, with Nationalization

The figure shows the effect of the variable of interest and the time dynamic already mentioned. As I already described, appointments decrease as more time passes since inauguration day. In addition, figure 6 clearly shows how less nationalized parties need more appointments to maintain united a fractionalized party. This theoretical expectation was confirmed by the logistic model and can be seen in figure 16.

Another element of the presidential term dynamics is the possibility of a change in the party occupying the *Casa Rosada*. Recall I considered this variable as part of the dynamics of presidential terms, as this variable has an effect at the beginning of a political party transition. Figure 17 explores the relationship between *partychange* and *nationalization*.

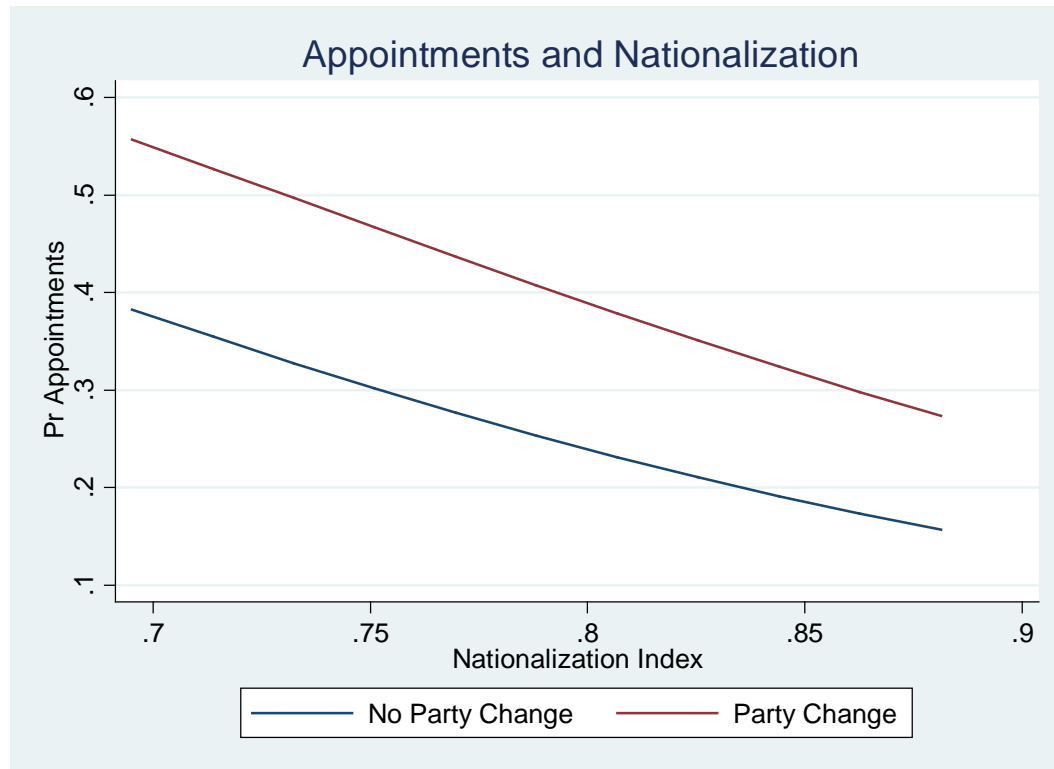


Figure 17. Appointments and Nationalization, with party change

The figure shows both the inverse relationship between *appointments* and *nationalization* and the positive relationship between the former and *partychange*. Recall that both relationships were theoretically expected and proved to be statistically significant.

Regarding the joint effect of party nationalization and house delegation, figure 18 shows how the nationalization index plays the role already described.

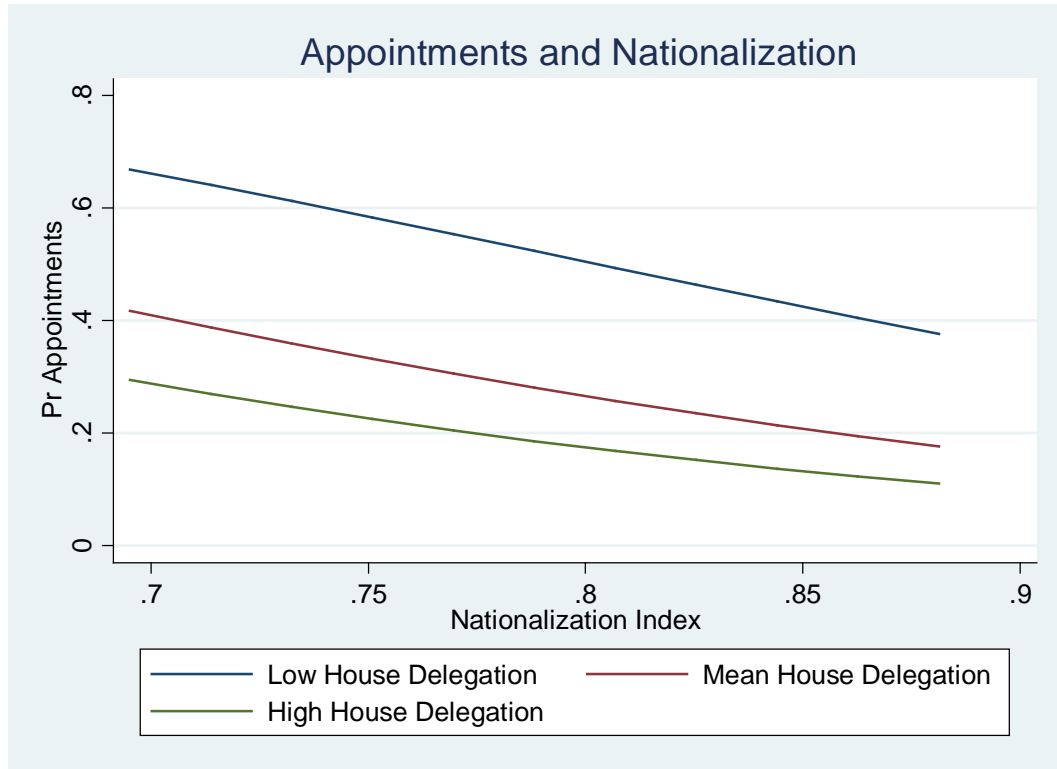


Figure 18. Appointments and nationalization, with House delegation

Furthermore, figure 18 depicts how the manipulation of the *house* variable affects the probability of bureaucratic appointments. As the presidential legislative delegation in the House increases, appointments decrease as the executive does not need to distribute positions in the bureaucracy as a way of building political support.

Following with the intra-party dynamics, Table 20 explores the substantive effect of the variable *institutionalization*, which captures the role of party age (which, as I hypothesized, is an instrument for deeper and more stable roots in society).

Table 20. Predicted probabilities of variable *Institutionalization*

	Low Institutionalization	High Institutionalization
No designations	0.712	0.756
Designations	0.288	0.243

As parties and party systems become less institutionalized, the president has to appoint more in order to overcome increased degrees of party inconsistency. This effect is visible in the table. When parties become less institutionalized, the probability of bureaucratic appointments is of .288, but when parties institutionalize this figure drops to .243.

In order to explore the effect of *nationalization* on *designations* by the number of deputies in the lower chamber (variable *house*) it is useful to observe the information graphically presented in figure 19.

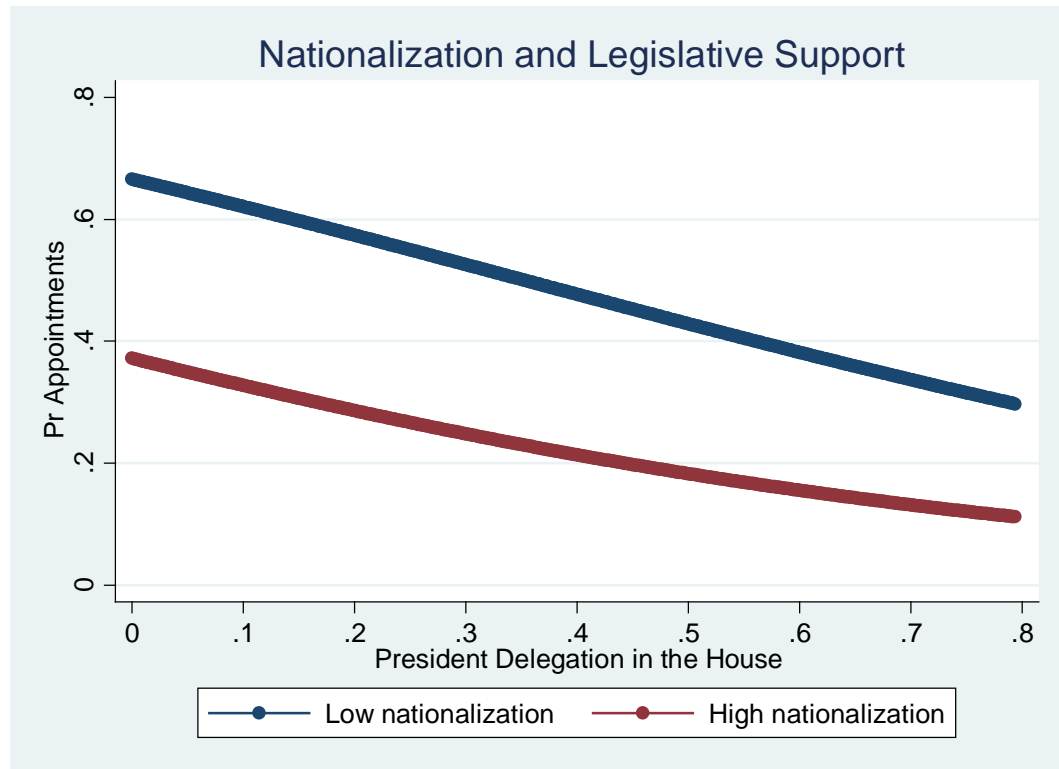


Figure 19. Nationalization and Legislative Support

The figure shows an almost linear relationship between house support for the government's party and appointments in the direction expected. Parties that enjoy a majority in the lower chamber do not feel the pressure to buy support through bureaucratic positions (or any other coalitional tool, for that matter). In addition, the effect that party nationalization plays becomes evident. It does not alter the relationship between deputies and appointments but a less nationalized party will need to make more appointments to compensate its fractionalized situation. In short, a

(more) nationalized party with legislative backing will appoint fewer individuals to the bureaucracy than a des-nationalized party with little support in the Chamber of Deputies.

At its turn, figure 20 helps grasp substantively the relationship between party institutionalization and time dynamics.

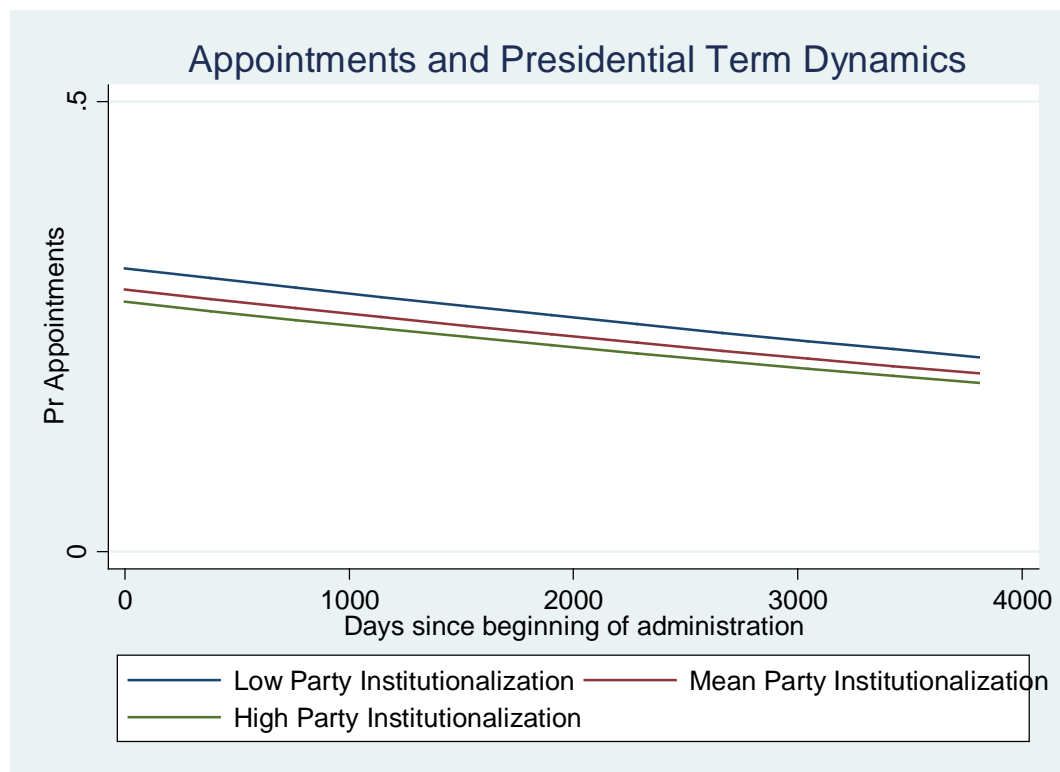


Figure 20. Appointments and Presidential Term Dynamics, with Institutionalization

The figure shows an almost linear relationship between party institutionalization and time passed since inauguration day. As expected and confirmed by the directionality of the coefficient estimates in the logistic regression, there is an inverse relationship between these two variables. Furthermore, the effect of party nationalization over appointments, already widely discussed in this chapter, is also evident in this figure.

Finally, it is possible to explore the relationship between the two variables that deal with internal party dynamics. Recall that these two variables relate to what I labeled inter-party dynamics: the relationship between appointments and the need to hold together a party fractionalized by low institutionalization or nationalization. These variables, according to the coefficient estimates of the logistic regression, were statistically significant and with the predicted sign. Figure 19 shows graphically the combined effect of these internal-party organizational variables. The inverse relationship between both variables and bureaucratic appointments is straightforwardly visible. As parties become more nationalized they appoint fewer individuals to the bureaucracy. Moreover, different curves in the graph show how as parties become more institutionalized (and, as suggested earlier, develop stronger organizational ties, although the variable does not directly measure this), the probability of bureaucratic appointments also decreases

6.2.3.1 Discrete changes in predicted probabilities. While graphs are very useful for showing how predicted probabilities are related to bureaucratic appointments, it is also practical and straightforward to show numerically how an outcome changes when one independent variable changes, holding all other variables constant and compare the figures for all variables together. I

will therefore compute the discrete change at specified values of the explanatory variables. Technically, the marginal effect or marginal change is the tangent to the probability curve of the event under study of happening. The discrete marginal change (as opposed to the marginal change) is the amount of change in the probability for a given finite change in one independent variable (Long and Freese 2006: 130). Given the nonlinearity of the model, I find the discrete change a very intuitive way of presenting substantive results.

A first interesting theoretical question is what happens with the probability of observing the outcome under study when varying explanatory variables from their maximum to the minimum value they achieve in the dataset. Table 21 explores this question.

Table 21. Marginal changes of selected explanatory variables (other variables at their mean)

Explanatory Variable	Pr (Appointment=1) at minimum value	Pr (Appointment=1) at maximum value	Change
<i>Beginning of term</i>	0.291	0.198	-0.093
<i>Party Change</i>	0.232	0.379	0.148
<i>House</i>	0.495	0.169	-0.326
<i>Nationalization</i>	0.417	0.176	-0.241
<i>Institutionalization</i>	0.280	0.245	-0.035
<i>Presidential Election</i>	0.234	0.336	0.102

Table 21 confirms what graphs showed. The effect of the presidential term cycle is statistically very significant but its substantive impact is not particularly noteworthy. The same happens with the degree of party institutionalization: there is undoubtedly an effect (I was able to reject the null hypothesis regarding these variables, and *beginterm* was more successful in this respect) but their substantive impact over the probability of bureaucratic appointments is slight (although still of theoretical value). Of course, a change in probabilities from .25 to .28 may imply a .04 amount of change, but it is still a relevant modification of an outcome's odds. Other variables related with the presidential term also show significant effect. The probability of a change in the ruling party implies a positive change of .15 and a presidential election of .1

The variables that produce the most significant changes are *house* and *nationalization*. This confirms the theoretical conjecture that bureaucratic appointments serve as a way of building political support in inter and intra party ways. Manipulating both variables from their maximum to their minimum results in notorious increases in the probability of observing a bureaucratic appointment by the President. The minimum amount of deputies observed in the data is associated with a probability of bureaucratic appointments of .5, while the maximum amount of deputies any party had at some point contained in the dataset decreases the probability of appointment to .17. This is undoubtedly a very significant discrete change. This gives additional support to the hypothesis presented earlier: bureaucratic appointments are used as a way of compensating legislative minority status.

Party nationalization also is strongly correlated with bureaucratic appointments. This was corroborated by the coefficient estimates in the logistic models. Table 20 shows the substantive impact of this variable. A nationalized party implies that the president has received support homogeneously throughout the territory, which in Argentina usually means that all party factions

accompanied her leadership. Therefore, no need to compensate different provincial factions results in a probability of appointments of .18. However, if presidents actually need to reorganize a denationalized party, the probability of appointments increases to .42.

Let's turn now to modifying variables from their lower to their higher possible value for variables whose maximum and minimum attained values (shown in table 8) were limited to a short range. This exercise allows me to illustrate theoretical possibilities, even if there are not real cases that match these scenarios. Table 22 shows the results.

Table 22. Marginal changes of selected categorical explanatory variables (other variables at their mean)

Explanatory Variable	Pr (Appointment=1) at 0	Pr (Appointment=1) at 1	Change
<i>House</i>	0.495	0.119	-0.376
<i>Nationalization</i>	0.985	0.09	-0.894
<i>Institutionalization</i>	0.355	0.334	-0.022

Note that not all explanatory variables are listed. Variables than in previous table 9 experienced the whole range of values are therefore not included in table 21.

The numbers for variable *house*, for example, show the changes from possessing no seats to holding all seats in the lower chamber. The former case results in a probability of observing an

appointment of 0.5, while holding all seats reduces this figure to 0.12, with all other variables to their mean.

The behavior of variable *nationalization* is interesting, as the latter observations oscillated only between 0.695 and 0.881. Table 21 allows answering the question: how would a complete nationalized (or des-nationalized) party look like in terms of bureaucratic appointments? With a complete nationalized party (variable *nationalization* at 1) bureaucratic appointments' probability is a scant 0.09. Manipulating this variable to zero (des-nationalizing the party) boosts the probability of an appointment to 0.985, with all other variables to their mean. Recall that this variable appears to be substantially related to appointments in Argentina. The amount of change is noteworthy (.894).

Finally, party institutionalization shows a somewhat limited amount of change, as shifting from 0 to 1 decrease the odds of an appointment by only 0.022. An institutionalized party appoints with a probability of 0.33, while a less institutionalized party appoints with a probability of 0.36. This suggests that despite being significant, the variable *institutionalization* does not have a substantive impact.

6.2.4 Oriented case approach

Hanmer and Kalkan (2012) make a forceful point on the need to shift from the typical “average case” approach to analyzing maximum likelihood statistical results (in which variables of interest

are manipulated while the remainder of them are kept constant at their average or mean) to the “oriented case approach” in which variables are set to quantities of interest. Although their point is of more interest to samples consisting of people (and the examples provided by the authors are evidence of this), I believe an interesting exercise is to imagine and recreate different theoretical scenarios and to explore the probabilities of bureaucratic appointments under these. I computed the predicted probability of bureaucratic appointments for different combinations of explanatory variables: parties which just took office and parties with years in administration, with little or large legislative support or different degrees of nationalization and institutionalization indices.

Table 23. Predicted probabilities for ideal type scenarios

Scenario	Probability of appointment ($\Pr(Y)=1$)
Nationalized, institutionalized party in its fourth year of government with very large legislative support.	0.008
Nationalized, institutionalized party in its fourth year of government with very little legislative support.	0.069
Party in its fourth year of government with very large legislative support but low scores of institutionalization and nationalization.	0.031
New government of a new party with very little legislative support but nationalized and institutionalized organization.	0.585
New government of a new party with very little legislative support and low scores of institutionalization and nationalization.	0.849

Table 23 shows different theoretical scenarios and the outcome of interest probability associated to them. Note how a homogeneous and institutionalized party organization in its fourth year and large legislative backup barely needs to use the bureaucracy as a way of building support, and the probability of doing so is hence a meager 0.008. A similar scenario but with little legislative support instead results in a 0.069 probability of a positive outcome of 0.069. If after many years of government the party is lacking not a legislative majority but institutionalization and nationalization, then the probability of appointment is of 0.031.

If there I a new party in the presidential palace which enjoys very little legislative support but it is institutionalized and nationalized, the probability of a positive outcome is of .585. If the party, alternatively, enjoys legislative support but has low scores on the institutionalization and nationalization index, the probability of an appointment is of .849.

These theoretical scenarios are useful to put in perspective all set of variables at work. By interacting different combinations of them (admittedly, more combinations are possible) the reader can grasp the effects they have on the variable of interest. Additionally, the scenarios allow hypothesizing about more realistic scenarios after the 2015 presidential elections. The first three scenarios are possible in the last years of the current administration. The last two scenarios can be illuminating about the probabilities of appointments if opposition parties are able to win the election: they will be new parties with somewhat low levels of legislative support (as it is unlikely that the Peronists will lose their congressional grip even if they lose the presidential election) and variable levels of nationalization and institutionalization. Although the specific details remain to be observed, the figures suggest that appointments will be very likely.

6.2.5 A different specification: Count outcomes

An alternative way of specifying the empirical model is considering a count model, which indicates how many times something has happened.

In this respect, count models disregard as irrelevant the decrees that do not involve any designation in the federal bureaucracy. I will hence employ a negative binomial distribution, as the data suffers of over-dispersion, which makes the former preferable over the poisson model⁹². The negative binomial regression model adds a parameter that reflects unobserved heterogeneity among observations (Long and Freese 2006: 243).

Table 24 shows the coefficient estimates of a negative binomial regression model.

Table 24. Negative Binomial Regression Model Results

Negative Binomial Regression Estimates Dependent Variable: Number of appointments per month, year.						
Variable	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Beginterm	-0.000 (0.15)	-0.000 (0.52)	-0.000 (3.48)***	-0.000 (0.81)	-0.000 (1.14)	-0.000** (2.62)
Party Change	0.196	0.143	0.006	0.189	0.136	

⁹² A likelihood ratio test (not reported) was performed in order to assess over-dispersion.

	(1.46)	(1.07)	(0.06)	(1.42)	(1.04)	
Beginterm* Party change	-0.000 (1.36)	-0.000 (1.31)	-0.000 (0.63)	-0.000 (1.22)	-0.000 (1.20)	
Minority	0.01 (0.1)	0.026 (0.27)				
Nationalization	-3.316*** (5.29)	-2.922*** (4.63)	-2.291*** (3.83)	-2.762*** (4.46)	-2.342*** (3.78)	-2.323*** (4.30)
Party Institutionalization	0.267*** (3.78)	0.234** (3.26)		0.199** (2.68)	0.169* (2.27)	0.146* (2.42)
Electoral	0.192*** (3.39)		0.201*** (3.68)	0.199*** (3.70)		0.186 (3.60)***
Presidential		0.186** (2.99)			0.201** (3.28)	
House			-2.169* (2.22)	-2.290* (2.28)	-2.488* (2.48)	-2.430* (2.41)
Senate			1.415*** (3.72)	0.866* (2.03)	0.802 (1.89)	0.816 (1.94)
N	192	192	192	192	192	192
Pseudo R ²	0.043	0.041	0.044	0.047	0.046	0.046

A cursory look at the coefficient estimates shows some differences with the previous logistic regressions. In terms of the electoral cycle explanations, the evidence suggests that it does not account as a robust explanation of the politicization dynamic. The coefficient estimate of *beginterm* loses its significance in all but in two of the six models. In these two models it retains the predicted direction. The coefficient estimate is negative, which is convergent with my hypothesis. This means that as time passes since inauguration day, appointments decrease, indicating that there is some concentration of appointments at the beginning of the presidential

term. It is important to note, however, that this effect is statistically significant in these two models but coefficient estimates are almost zero again, suggesting a weak effect.

In addition, the explanatory variable *partychange* loses its previous significance throughout all six models. This means I cannot now reject the null hypothesis that a change in the party holding the presidency has no effect over appointments. It seems that a change in the party in government is not associated with more (or less, for that matter) bureaucratic appointments. The interaction between these two variables is also not significant. In short, the electoral cycle does not account for more or less bureaucratic appointments. The latter respond to other political dynamics.

At its turn, the legislative explanation for appointments receives more empirical support. This explanation is the “inter-party” dynamic mentioned above.

The coefficient estimates for the variable *minority* were not found to be significant in any model. However, the more specific variable *house* does so. *House* reflects the legislative dynamic described above. An increase in the president’s party legislative share has a significant negative effect on the probability of bureaucratic appointment. This variable is significant at the 95% level when it was included as an explanatory variable. The opposite is obviously true: as the share of the president’s party decreases, the president appoints more individuals to the bureaucracy. This finding lends support to the hypothesis I suggested earlier: bureaucratic appointments are used by the executive as a way of building support for his administration, in an “inter-party” dynamic. As discussed earlier, this should be considered an alternative way of building government coalitions, analogous to cabinet portfolio distribution under European parliamentary governments.

The variable *senate* behaves differently than I expected again. In opposition to the coalitional dynamic described above, in this case the variable fails to achieve significance in all models except two, and it comes there with the “wrong” sign.

I believe the explanation I suggested earlier applies. For the larger part of the time span considered in this work, the Senate has not been an arena where the government party needed to build coalitions as the *Justicialista* Party has enjoyed a majority in the Senate since Argentina restored democracy in 1983. So, with the exception of only two years in the time range, the governing party has rarely found itself on a minority status in the upper house. In addition, the Senate has to approve appointments in some areas of the civil service. Hence, having a majority in the Senate is sometimes a *condition sine qua non* to obtain appointments. This ambivalent relationship and the lack of the upper chamber as a coalition building arena might help explain the lack of evidence of the legislative hypothesis in the Senate.

The variables that measure the electoral cycle receive empirical support. The coefficient estimates for the variable *Election* are positive and significant at the 99.9% level throughout the four models in which it was included at the demanding 99.9% level. The variable measures whenever there is a national election in the year in which the appointment decree was issued. Election years take place every two years, and always include a legislative election. Presidential elections take place every four years. In order to distinguish the possible effects of presidential elections over appointments, the variable *Presidential* is included in some of the models. The coefficient estimates for the latter variable are also positive and significant in all models, at the 99% level. All this suggest that appointments are correlated with the electoral cycle, as I have suggested earlier. This confirms the impression by many analysts that the bureaucracy in Argentina is less than autonomous as it is affected by political variables, a process labeled “politicization”. The utilization of the bureaucracy in terms of electoral needs is strong evidence of politicization.

The “holding together” or intra-party dynamic (by which the bureaucracy serves as a tool for support building within the ruling party) receives empirical support. The coefficient estimates

of the variable *Nationalization* are significant at the challenging 99.9% level. The coefficient estimates are negative, which is the expected sign. As the nationalization index increases (the party is more nationalized), the executive appoints less individuals to the bureaucracy. As I discussed earlier, I believe that this measure is a good proxy of the degree of party fractionalization in Argentina.

On the other hand, the variable *institutionalization* changes direction from the logistic regressions. It achieves statistical significance (at at least the 95% level) in all models (and even attains significance at the more stringent 99% in models 2 and 4 and 99.9% in model 1). However, it consistently comes with the unexpected sign. It seems that an increased level of party institutionalization does significantly and positively affect the probability of a decree containing a bureaucratic appointment. This was not the theoretical expectation, as I suggested that more institutionalized parties required less bureaucratic appointments. True, this variable is a very crude measure of the multifaceted concept of institutionalization. In any case, there is enough empirical evidence that suggest that appointments are positively correlated with party age and existence under democratic episodes in Argentine history.

To summarize this first cursory look at the statistical results, the results of the logistic regression model support the hypothesis that the distribution of bureaucratic appointments serve a series of political objectives. The null hypothesis can be rejected for almost all variables in different specifications. While there is now not enough evidence that the presidential term has a significant effect on the dynamic of appointments, bureaucratic appointments are affected significantly by the legislative standing of the government party. In addition, there is evidence that the internal dynamic of ruling parties also affect bureaucratic appointments. All of the mentioned effects demonstrate that Argentine bureaucracy suffers of “politicization”.

In order to interpret the negative binomial coefficient estimates, I will analyze factor coefficient change in the rate of the expected count⁹³. Table 24 shows the expected factor changes for model 6.

Table 25. Factor change and percentage change in expected count

Independent Variable	Factor Change ⁹⁴	Percentage change ⁹⁵
<i>Begin Term</i>	1	-0.0%
<i>Nationalization</i>	0.098	-90.2%
<i>Party Institutionalization</i>	1.158	15.8%
<i>Electoral</i>	1.204	20.4%
<i>House</i>	0.088	-91.2%
<i>Senate</i>	2.262	126.2%

⁹³ Formally, this means that if $E(y/\mathbf{x}, xk)$ is defined as the expected count for a given \mathbf{x} where the value of xk is explicitly noted and define $E(y/\mathbf{x}, xk + \delta)$ as the expected count after increasing xk by δ units, then $e^{\beta k \delta} = \frac{E(y/\mathbf{x}, xk + \delta)}{E(y/\mathbf{x}, xk)}$ (Long and Freese 2006: 232). Therefore, the parameters can be interpreted as “for a change of δ in xk , the expected count increases by a factor of $\exp(\beta k \times \delta)$, holding all other variables constant”.

⁹⁴ Factor change in expected count for unit increase in X.

⁹⁵ Percent change in expected count for unit increase in X.

Table 25 suggests that one day later in the term decreases the expected count by a factor of 1, holding all other variables constant (recall, however, that the empirical evidence supporting the electoral cycle hypothesis is rather weak, considering the lack of significance in many models and the small coefficient estimate). Regarding the electoral cycle, a year in which elections are held increases the expected count by a factor of 1.2.

Considering the inter-party dynamics, one more point in the percentage of legislators in the lower chamber (variable *house*) decreases the expected count by a factor of 0.1. The senate, on the other hand, increases the likelihood of appointments. One more percentage point increase in the proportion of senators increases the expected count by a factor of 2.26. Finally, the intra-party dynamic is illustrated by variables *institutionalization* and *nationalization*. The former has a factor change of 1.16, which means that one increase in the institutionalization index unit increases the count factor by the former figure. On the other hand, one unit increase in the nationalization index decreases the expected count by a factor of 0.1. To make more sense of these numbers, I calculated the percentage of factor change. The third column in table presents the results.

Table 25 shows the negligible effect of the presidential term effect: one day later in the presidential term decreases the number of appointments by less than 0.01%, holding all other variables constant. On the other hand, the electoral cycle receives significant support. An electoral year increases the expected number of decrees by 20%, holding other variables constant. In other words, the political cycle has an effect in appointments, as already suggested.

The percentage changes for the inter-party dynamic show that one percentage point increase in the lower chamber delegation decreases the expected number of decrees by 91 percent, a significant result. On the other hand, one percentage point increase in the government's delegation in the senate increases the expected number of decrees by 126%. Finally, considering

the inter-party dynamic, it can be seen that one point increase in the institutionalization index increases the expected number of decrees by 16%. At its turn, an increase in the nationalization index (that is, a more nationalized party) decreases the expected count of decrees by 90 percent.

6.2.5.1 Marginal change. Now I will take a look to marginal change. Marginal change is the partial derivative of the predicted probability or predicted rate with respect to the independent variables. Table 26 lists the Changes in the Predicted Probabilities figures for my explanatory variables.

Table 26. Changes in Rate for appointment

Independent Variable	Variable at its minimum	Variable at its maximum	Difference	Variable at zero	Variable at 1
Begin Term	191	135	-55	191	191
Nationalization	223	145	-78	110	1.1e+03
Party Institutionalization	144	189	45	85	98
Electoral	150	181	31	150	181
House	324	161	-163	538	47
Senate	121	179	58	109	246

The effect of the presidential term cycle is statistically very significant but its substantive impact is not particularly noteworthy. Although not in the expected direction, there is undoubtedly an effect of *party institutionalization* (I was able to reject the null hypothesis regarding this variable). Its substantive impact over the probability of bureaucratic appointments is significant. A change from its minimum to its maximum value results in a rate change of 45 decrees per month, a relevant modification of an outcome's odds. Alternatively, a complete de-institutionalized party implies a rate of appointments of 85 decrees per month, while a complete institutionalized party results in a rate of 98 decrees per month. Party institutionalization shows a significant amount of change (albeit in the unexpected direction), as shifting from 0 to 1 increase the rate of appointment by 13 decrees per month.

The variables that produce the most significant changes are *house* and *nationalization*. This confirms the theoretical conjecture that bureaucratic appointments serve as a way of building political support in inter and intra party ways. Manipulating both variables from their maximum to their minimum results in notorious increases in the rate for appointments. The minimum amount of deputies observed in the data is associated with a rate of appointments of 324, while the maximum amount of deputies any party had at some point contained in the dataset decreases the rate of appointment to 161. This is undoubtedly a very significant discrete change. This gives additional support to the hypothesis presented earlier: bureaucratic appointments are used as a way of compensating legislative minority status. A telling figure is considering when the variable changes from zero to one. This modification results in a rate of appointments from 538 decrees when no deputies respond to the government's party and 47 decrees when all do. The senate, on the other hand, behaves differently. No senators imply a rate of appointments of 108 decrees per month, while possessing all senators' means appointing at a rate of 246. From the maximum figure

present in the dataset to its minimum, the change is of 58 decrees, from 121 to 179 decrees per month.

Party nationalization also is strongly correlated with bureaucratic appointments. This was corroborated by the coefficient estimates in the negative binomial models. Table 26 shows the substantive impact of this variable. A nationalized party implies that the president has received support homogeneously throughout the territory, which in Argentina usually means that all party factions accompanied her leadership. Therefore, no need to compensate different provincial factions results in a rate of appointments of 145. However, if presidents actually need to reorganize a de-nationalized party, the rate of appointments increases to 223. The behavior of variable *nationalization* is interesting. Table 26 allows answering the question: how would a complete nationalized (or des-nationalized) party look like in terms of bureaucratic appointments? With a complete nationalized party (variable *nationalization* at 1) bureaucratic appointments' rate per period (month) is 110 per month. Manipulating this variable to zero (des-nationalizing the party) boosts the probability of an appointment to $1.1e+03$, with all other variables to their mean. Recall that this variable appears to be substantially related to appointments in Argentina. The amount of change is noteworthy ($-1.0e+03$).

As already noted, the electoral cycle has a modest impact, at least compared to the rest of the explanatory variables. A change from being immediately at the beginning of the term to the end of it reduces the rate by 57 decrees (from 191 decrees at the beginning to 135 at the end). At its turn, an electoral year increases the count number of appointments by 31 decrees, from 150 to 181.

6.3 CONCLUSION

What these various scenarios show is that the probability of a bureaucratic appointment corresponds to the theoretical possibilities laid out in previous chapters. Although not as robust as I had expected given the literature that highlights the politicized nature of Argentine bureaucracy, there is a statistically significant presidential term dynamic. Although time does not have a robust effect, it is statistically significant. A presidential election year and/or a party change increases the odds of a bureaucratic appointment.

The coalitional dynamic (or inter-party) dynamic is fairly high. The variables that measure lower chamber legislative support reach statistical significance. Finally, the statistical models lend empirical support to the intra-party set of hypotheses, as both nationalization and institutionalization indices are correlated with bureaucratic appointments. As I previously noted, these two variables are proxies at best of the notion of the role of institutionalization on bureaucratic appointments, as less institutionalized parties need to appoint more in order to hold together a fractionalized party. Both variables attain statistical significance, and it too has a meaningful influence on the president's decision to appoint individuals to the bureaucracy.

The count specification yields somewhat different and less enthusiastic results. The electoral cycle continues to be significant. And the intra party dynamic still has a significant effect, although the institutionalization variable changes sign.

On the positive side, all specifications show, on the first hand, that party nationalization is very important when explaining bureaucratic appointments. This is a significant finding that combines literature on bureaucratic autonomy and party strength. In addition, the legislative

delegation of the party (at least in the lower chamber) also receives significant backing. Future quantitative research is needed in the two variables that behave differently than expected.

On the first hand, the strange behavior of *senate* merits further investigation. Although an explanation was suggested earlier, it is still in need of further clarifications. In addition, the variable *institutionalization* is significant in both specifications, although it changes sign in the count model. In any case, it is still significant in both of them, suggesting there is more at it.

This chapter findings relate to the broader research on presidential coalition building. Recent scholarship has described cabinets as a powerful tool for coalition building in Latin America (Martínez Gallardo 2014). However, the study of presidential cabinets has mainly focused on formal coalitional building, distinguishing individual ministers in terms of their party affiliation particularly at cabinet instauration and termination.

In political scenarios with less (or not at all) institutionalized parties, Presidents need to rely on the workings of more informal coalitions to push for their agenda through a multiparty legislature (Mejía Acosta 2009). In this respect, this work suggests that these informal coalitions can also be made of positions in the federal bureaucracy. In contexts of less institutionalized political parties, Presidents are more likely to make use of more informal ways of forging coalitions. Appointments in the federal bureaucracy, this chapter has demonstrated, can very much serve for this goal.

7.0 CONCLUSION

In this chapter, I briefly review the results of the empirical findings and discuss several potential implications of the findings, as well as directions for continued research.

7.1 REMARKS AND FINDINGS

This dissertation introduces and tests a theory of bureaucratic politicization that emphasizes the role of the latter as an arena for building presidential power. This theory brings together the literatures on bureaucratic politicization, coalitional support building and party institutionalization together to show how the President will appoint more individuals to the federal bureaucracy not only as the term begins but also when she is in a situation of relative political weakness. The empirical models propose that legislative minority situations and less party institutionalization have effects on the probability of bureaucratic appointments as the Presidents sees appointments as a way of buying political support. In other words, a President which finds herself at the

beginning of her term, or in a minority situation in Congress or in the need of holding together a fractionalized party will appoint more individuals to the federal bureaucracy.

In order to prove this I analyzed bureaucratic appointments. Appointments in the bureaucracy are important for many reasons. Not only they are one of the most important attributions the President has but they also are a vital tool to control the bureaucracy and influence politics. In addition, they are the way by which the president can reward loyalists.

A first step was to describe the political environment in which the bureaucracy in Argentina operates. The first part of this work aimed at placing this political actor in its broader political environment. In this respect, there are institutional determinants that help explain why, on average, the president can politicize the bureaucracy in Argentina more easily than in the United States.

The next step was investigating the logic of appointments. Why and when do these occur? Are any factors that affect the probability of an appointment? As said, this work showed that the presidential term plays an obvious role in determining the political logic of appointments. But more importantly, this work has stressed the importance of the bureaucracy as an arena for coalition building. Presidents appoint more individuals to the federal bureaucracy when they need to secure other parties support or even their holding up together a fractionalized party.

This relates well with the literature on cabinets, and especially in the burgeoning literature on cabinets under presidential systems of government. If this literature has highlighted how presidents sometimes use different currencies to build political support, this work confirmed that bureaucratic appointments are part of these currencies and therefore president do use them to build support when they are in a minority situation in Congress or within their party. In opposition to logics related to geography or class, in Argentina this within-the-party compensation is more about different regional factions than class or gender.

In addition, this theoretical contribution relates well with the literature on nationalization in Argentine politics, that stresses how parties have become increasingly fractionalized along provincial lines, being the governor the local boss. In this context, presidents need to compensate different factions. Only when the president is able to control the party can he appoint people from his inner core. This finding was supplemented with data on cabinet appointments in Argentina in 2003 and 2011. Furthermore, comparisons between different agencies expertise showed how more technical agencies are able to remain insular while agencies such as the Ministry of Social Development (which is charged with distributing social plans and hence handles millions of *pesos* making it a desired booty) are widely more politicized.

Furthermore, the AFIP case study intended to demonstrate that these topics are important. A non-politicized administration is associated with performance improvements. The agency experienced a drawback in terms of performance when the more meritocratic administration was replaced by an aide of the President. This was meant as a first take on this: although more research is needed on this topic, this in-depth exercise suggested that there was an effect of appointing a person committed with bureaucratic autonomy can produce performance improvements.

7.2 CONTRIBUTIONS OF THIS RESEARCH

The major contribution of this research to the literature on bureaucratic politics is that it demonstrates that the federal bureaucracy is a major currency for political power building.

When examining the ways in which Presidents build power, research has emphasized portfolio appointments and the President's congressional (such as decree authority or vetoes) and political powers (such as the relationship between the President and her party) in its relationship with other political actors (such as Congress or provincial governors). I conclude that the appointments of individuals to the bureaucracy should also be considered as an important tool that the President utilizes to build power, at the same level than the already mentioned. In other words, this dissertation contributes to understand the expanded presidential toolkit.

Furthermore, this dissertation contributes to the burgeoning literature on politics under federal systems. A lot has been written on federalism in Latin America but has usually underscored the economic (such as economic transfers) and political relationships through Congress (such as how Deputies and Senators respond to subnational interests). This dissertation incorporates the federal bureaucracy as a key component of relationships between the President and provincial factions in Argentina's federal system.

Hence, this dissertation contributes to the understanding of the bureaucracy as a political actor. Traditionally, institutional political scientist analyzed Latin American executives, legislatures and judicial systems. This project suggests that the bureaucracy needs to be included at the same level: it is also a key actor in a country's political landscape. This work showed it is by permitting the President to build power, in a somewhat passive role. It probably performs other

political functions as well, and not so passively. Future research (more on this later) should investigate the role of bureaucrats in the political scene.

This also relates to the literature on politicization. I adopted a normative stance here: although I believe that the distinction between *politics* and *administration* is untenable, I am certain that politicization (or excessive politicization) has detrimental consequences for performance.

Indeed, the qualitative chapter allowed me to explore more traditional, “public administration” topics. This work made an (albeit small) contribution on the literature on performance. The in-depth analysis of the tax administration in Argentina showed the effects of meritocratic and politicized agencies effect on agency performance and personnel morale. The chapter suggested that the arrival of a career-bureaucrat (and one who respected career bureaucrats) had an impressive effect on performance. On almost every account, AFIP outperformed previous administrations. In addition, employees were very excited with his arrival. All interviewees unwaveringly recalled the Abad administration as a time of achievements and success and they clearly distinguish from previous and later experiences.

The chapter on AFIP is intended to be my first take on this. As I will mention shortly, future research will probably need to build better evidence on this issue, building baselines (how much politicization is acceptable?) and comparing results.

In short, after reviewing the possible effects of politicization on bureaucratic agencies, this dissertation explored the logic of it: when and why do presidents politicize the bureaucracy?

7.3 LIMITATIONS AND FUTURE RESEARCH

As it is usually the case, there are more important issues left out from this analysis than the ones included. Therefore, it is important to note the exciting future agenda in this topic.

First, ideology has not been a part of the explanation I presented in these pages. Although I strongly believe that it falls in a second place of importance when defining appointments, future research should bring ideology back. Do presidents politicize according to ideology and/or policy disagreement? Are Peronist presidents more likely to politicize an agency over the others? Research in the United States has shown that Republican Presidents politicize agencies considered liberal and Democrats do so with conservative agencies, although conclusive evidence is yet to be produced (Lewis 2008: 53; Lewis 2011: 54). Although this research agenda is complicated in Argentina given the ideological blurriness of its parties' ideology⁹⁶, certainly "factions" within Peronism (and Radicalism, for that matter) can be ideologically located and therefore explorations on their politicization patterns can be fruitful.

Moreover, another avenue of future research is assessing agencies' tasks and classifying them between more and less technical, to confirm the intuition that more technical agencies are less politicized on average. Lewis (2005: 503) finds that agencies that perform "mundane tasks"

⁹⁶ In addition, it is not clear that in the Argentine case bureaucratic agencies can be as easily labeled as "conservative" or "liberal" as can be the case in the United States.

are less sensitive to changing levels of political appointments as jobs are easy enough that appointees or careerists can manage equally well. There are reasons to suspect that in Argentina, on the contrary, less technical agencies are more politicized, as appointees (especially the ones that are the result of rewarding party activists) are generally modestly qualified.

In addition, other than political support, the president very well might be aiming to other objectives, such as isolating given agencies from other influencing actors. Appointments also influence relationship between the presidency and interest groups. As US-based research has shown, appointments play a role in negotiating how policy is implemented with relevant interest groups once Congress enacts a particular statute (Bertelli and Feldman 2006; Rourke 1984). Rourke (1984: 2) has noted this centrality, as “the agitation of outside interest groups leads to the establishment of executive agencies, and agencies are thereafter bound together on a day-to-day basis through a wide variety of mutually regarding relationships. . . . Most policy decisions within the bureaucracy represent the outcomes of an interaction between two sources of power—the needs or aspirations of groups . . . and the expertise of bureaucrats as it is applied to the issue being resolved.” All this merits future interest from researchers.

More sophisticated measures of politicization should be developed. I used the term “politicization” for all bureaucratic appointments in the upper echelons of the public service structure. However, a better measure of politicization should be identifying instances in which an appointment replaces a position from a merit filled position to an appointee-filled position (Lewis 2005: 500). This is very labor intensive, and probably best done in an in-depth qualitative study of a handful of agencies.

In addition, more in-depth analyses can produce thoughtful evidence on more subtle ways of politicizing. Recent analysis in the United States has shown that that appointing those with

demonstrated or presumed competence (and not necessarily political experience) may be the method by which presidents seek to gain control over agencies and induce them to produce the policy outputs they prefer (Hoillbaugh, Norton and Lewis 2013).

In addition, Presidents also often layer appointees on top of existing organizational structures as a way of influencing and controlling the bureaucracy. Alternatively, another way of politicizing is to reorganize either through the creation of parallel structures to get around an existing bureaucracy or through other forms of reorganization. Finally, presidents also use reductions in force (RIF) to alter the careerist/appointee balance in an agency (Lewis 2005: 501). These possibilities offer promising avenues for future research.

A better baseline for comparative endeavors should be constructed. The difference between the bureaucracy in the United States and Argentina (or any future comparison, by that matter) should be done using improved measures. How much bureaucratic politicization does Argentina experience?

Let me conclude by saying that I expect that this effort will encourage future researchers on uncovering the political uses of the bureaucracy in Latin America, a topic unfortunately neglected in the Latin America political science research agenda. By hoping that this effort is a step towards this direction, I concur with Marcus Tullius Cicero, who famously stated that “the beginnings of all things are small”.

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