Divided Government, Delegation, and Civil Service Reform *

Elliott Ash,[†] Massimo Morelli,[‡] Matia Vannoni[§]

This paper sheds new light on the drivers of civil service reform in U.S. states. We first demonstrate theoretically that divided government is a key trigger of civil service reform, providing nuanced predictions for specific configurations of divided government. We then show empirical evidence for these predictions using data from the second half of the 20th century: states tended to introduce these reforms under divided government, and in particular when legislative chambers (rather than legislature and governor) were divided.

In a spoils system, the bureaucrats tasked with implementing policies are closely aligned

[†]ETH Zurich (ashe@ethz.ch).
[‡]Bocconi University, IGIER and CEPR (massimo.morelli@unibocconi.it).
[§]King's College London (matia.vannoni@kcl.ac.uk).

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with the party that endorses those policies. A major development in 20th-century politics was the introduction of civil service reforms, which introduced professionalized civil service careers, filled by merit rather than by party loyalty, where bureaucrats had tenure across ruling administrations and protections against political interference.

This paper investigates the causes of these reforms, with two major contributions. First, we provide a simple model that emphasizes the policy delegation preferences of unified and divided principals under different bureaucratic systems, predicting stronger incentives to enact a civil service reform under divided government. Second, we report empirical evidence that, indeed, civil service reforms in U.S. states have occurred with significantly greater frequency during periods of divided government.

Rather than looking at divided vs unified government, previous work has focused on incentives of incumbents likely to lose the next election as main trigger of civil service reform. In one major strand of the literature (the "insurance" view), an incumbent party accrues private benefits from the patronage system but entrenches the bureaucracy through reform when it is about to lose (Ting et al. 2013). In the other major strand (the "investment" view), an independent civil service is introduced to increase the efficiency of public goods production by government agencies (Huber and Ting 2016). Incentives to invest in an independent bureaucracy will be higher if the opposition has preferences that are not so far from those of the incumbent party's (Huber and Ting 2016). Our model produces results in line with these in terms of the role of party polarization, but the main mechanism involves divided government policymaking rather than electoral incentives. Moreover, our model bridges the gap between these bureaucratic delegation models and recent work on political conflict and rule-making, where it is found that under divided government bureaucrats are freer to act more independently (Boushey and McGrath 2019).

Our model highlights that under standard assumptions on asymmetric information between principals and agents, the delegation of policymaking to a Governor or the bureaucracy will be chosen by the principals (the parties controlling the two chambers) only under specific conditions. In particular, delegation to the Governor happens in equilibrium only under unified government, whereas delegation to the bureaucracy happens in equilibrium only when the principals are divided and the bureaucracy is independent. Thus, if in the status quo the bureaucracy is not independent, it is precisely under divided government that both parties unanimously prefer a civil service reform. We also show that under divided legislative chambers the preference for an independent bureaucracy is unconditional, whereas, in the case of unified legislative chambers and a different-party governor, the incentives to introduce a merit system depend on party polarization, in a manner consistent with previous findings.

We test the main implication of our model by looking at the relation between introducing an independent bureaucracy and divided government in U.S. states during the 20th century. These reforms had three major components: meritocratic recruitment, political independence, and tenure. As a result of these reforms, the direct influence politicians had exerted on bureaucrats under the spoils system decreased drastically. [1] Our panel data approach uses state and year fixed effects to address the major sources of selection bias at the state level. We find that states with divided control of state government were more likely to introduce civil service reforms. The result is robust to different measures of divided government and to the inclusion of a range of time-varying state-level covariates. The divided-legislative-chambers case proves to be the most relevant, as the theory suggests.

[1]These reforms have already been used in the literature to study the introduction of an independent bureaucracy (Folke, Hirano, and Snyder 2011; Ting et al. 2013; Ujhelyi 2014).

This work bridges the gap between studies on legislative policy delegation and those on policy conflict and rule-making. Traditional work in political science and political economy looks at the private and public incentives to reform the civil service and delegate powers to the bureaucracy. Work in public administration looks at how political conflict and gridlocks can lead to more discretion by the bureaucracy. In this work, we find in the same setting that private and public incentives to delegate are important, but also consideration on political gridlocks matter.

Background and Literature Review

A Brief History

In 1801, the presidency changed hands for the first time in history and the issue emerged of how to deal with politically affiliated public servants (Congress 1976). The newly elected president Thomas Jefferson opted for a strategy of equal division of government offices between parties, which was then followed by his successors (Congress 1976). Until the 1830s, relatively low turnover and high stability characterized the federal civil service. By the mid-1830s under Andrew Jackson, patronage criteria started to dominate the recruitment of civil servants and arbitrary removal for political reasons became a widespread practice (Theriault 2003). At the end of the 19th century, as Hoogenboom (1959, p.301-302) put it, ‘a civil servant would almost certainly be removed if he ceased his political activities or if his patron lost his influence’. Civil servants had varied and irrelevant backgrounds, were hired on a temporary basis and their morale was very low (Hoogenboom 1959). This led to very low levels of professionalization of civil servants, high instability in the provision of public goods and disproportionate power of politicians

(Hoogenboom 1959; Congress 1976).

After the civil war, several attempts at reforming the civil service were made, but they all failed. In the 1870s some minor provisions were passed through executive orders (Naff, Riccucci, and Fox-Freyss 2001; Shafritz 2012). During the Hayes presidency, various civil service reform associations were established, with the New York civil service reform association as the first one (Congress 1976). In 1881, the newly elected President Garfield was shot by a job seeker disappointed by the patronage system (Hoogenboom 1959; Dresang 1982; Naff, Riccucci, and Fox-Freyss 2001; Theriault 2003; Shafritz 2012). This sparked national attention to the issue of civil service reform. In the same year, Senator Pendleton presented a bill to the Senate, which was approved two years later (Hoogenboom 1959; Congress 1976; Naff, Riccucci, and Fox-Freyss 2001; Theriault 2003). The Pendleton Act established three principles in civil service: competitive examination, political neutrality, and security of tenure (Hoogenboom 1959; Congress 1976; Skowronek 1982; Shafritz 2012). In other words, civil servants started to be hired and promoted based on examination and no removal on political (and religious) grounds was allowed (Hoogenboom 1959; Gailmard and Patty 2012b).

As reported by Hoogenboom 1959, almost half of the entire federal civil service was covered by this act by 1900, and a good portion of the civil servants covered by the act were top-level bureaucrats. Beginning in the 1880s through the 1920s, Congress passed a series of minor laws that sought to strengthen the merit system. These included the 1912 Lloyd-La Follette Act, which improved protection from dismissal (Huber and Ting 2016). Finally, by the 1930s, two main pieces of legislation were enacted. First, the 1939 Hatch Act sought to restrict political activity by civil servants (Congress 1976). Second, in 1939 the Congress amended the Social Security Act, requiring the establishment of merit systems in those state departments cooperating with the administration of the Act.

By the beginning of WWII, a strong merit system was in place at the federal level. This was reinforced by the 1947 Taft-Hartley Act, which further reduced political activism among civil servants, and Eisenhower's creation of the 'Schedule C', enacted as a reaction to the proposals by the Hoover Commission, which extended the size and scope of the federal bureaucracy (Lewis 2010). More recently, the Civil Service Reform Act in 1978 established performance review and merit pay and the 1993 National Performance Review continued along the line of increasing public servants' accountability and reducing their independence (McGrath 2013).

Civil service reforms at the federal level triggered an active debate at the state level. [2] Nonetheless, 50 years after the Pendleton Act, only nine states had introduced comprehensive merit systems in the spirit of that act, namely, systems characterized by meritocratic recruitment, bureaucratic tenure, and political independence. The real push came with the 1939 amendment to the Social Security Act. In response to this, states adopted limited merit systems covering all agencies administering funds under this act (Ujhelyi 2014). Simultaneously and in some cases independently from the pressure from the federal level, states started to reform their civil service radically. New York and Massachusetts were the first states to implement a comprehensive merit system at the end of the 19th century. These were followed by some states before WWII and other states in the 1950s and 1960s. More recently, starting with Georgia in 1996, several states have undergone a process of decentralization of the state personnel system (McGrath 2013), to improve accountability and performance, along the line of the 1993 National Performance Review.

[2] It should be noted that the initial stimulus for reform at the federal level came from the New York civil service reform association. Policy diffusion between the federal and the state level was not exclusively top-down.

Public Goods and Private Benefits

Several factors are considered relevant for civil service reform across the U.S. states. Traditional explanations focus on the reformist movement for good government of the 19th century (Johnson and Libecap 1994; Kernell and McDonald 1999; Weber and Brace 1999; Ruhil and Camões 2003; Theriault 2003; Folke, Hirano, and Snyder 2011; McGrath 2013; Housel 2014; Ujhelyi 2014). At the end of the 19th century, a militant minority composed of politicians from both parties and civil society members started to exert increasing pressure on the federal government to improve the efficiency of bureaucracy (Johnson and Libecap 1994).

Similar dynamics were in place at the state level. In 1950s Oklahoma, for example (Housel 2014), an advocacy coalition composed of newspapers, educators, a few legislators, and the League of Women Voters was behind the governor's efforts to introduce a comprehensive civil service reform. The reform extended merit principles to most state employees.

The reason for the emergence of this progressive movement was arguably the perceived inefficiency of the patronage system. A spoils system meant a bureaucratic system characterized by high turnover (especially for high-level positions) and mismanagement of human resources (Johnson and Libecap 1994; Folke, Hirano, and Snyder 2011; McGrath 2013; Housel 2014; Ting et al. 2013). Under a patronage system, at every change in government, a high share of employees used to be fired and new ones hired. In 1950s Pennsylvania, more than two-thirds of public employees in highway positions changed jobs when Democrats took power (Sorauf 1959).

High turnover was coupled with serious mismanagement of human resources. Civil servants were not hired or allocated according to efficiency criteria, but according to political affiliation and also other aspects, such as friendship and ethnicity (Sorauf 1959; Johnston 1979). Civil servants were supposed to spend a good portion of their working time (as well as their salary) participating in political activities, such as attending political meetings, canvassing voters, and so on (Hoogenboom 1959; Ting et al. 2013). [3] In this spoils system, the power of politicians on state civil servants was strong, much stronger than that of business.

The consequences of this system were a loss of resources, amounting to millions of dollars in some states (Housel 2014); loss of trust in the government (Housel 2014); a very low consideration for public service as an occupation (Stahl 1956); strong sense of insecurity in public employment (Sorauf 1959); low salaries, especially compared with the private sector (Folke, Hirano, and Snyder 2011). The traditional explanations focusing on the reformist movement for a good government were later incorporated into a more contemporary public management approach to civil service reform (McGrath 2013).

While the explanations discussed above focus on the incapacity of patronage systems to create public goods, other explanations looked at the private benefits the patronage system used to create for specific constituents (Moe 1989). Some studies emphasize the variation in preferences between different constituencies to which different bodies were accountable as a crucial factor determining the introduction of the merit system. As Housel 2014 points out for the introduction of comprehensive civil service in Oklahoma, traditionally the legislature used to represent the rural part of the state, whereas the governor the urban part, which used to benefit the most from the patronage system. These dynamics are also found at the federal level, where the introduction of rural free delivery routes, a central part

[3]For instance, in 1882 in Virginia civil servants were assessed five percent by local politicians (i.e. they were supposed to contribute five percent of their salary to the local party) (Hoogenboom 1959).

of the programme which replaced the patronage system in the postal office, became central for Republicans to gain the support from farmers in key areas (Kernell and McDonald 1999).

Recent work in political economy has tried to make sense of these two contrasting views by looking at the electoral incentives behind legislators' behavior. Huber and Ting 2016 distinguish between the so-called "insurance" and "investment" views.

The "insurance" view suggests that incumbents will favor civil service reform when they are electorally vulnerable (Skowronek 1982; Geddes 1994; Ruhil and Camões 2003; Ting et al. 2013). According to Ting et al. 2013, the incumbent party will create an independent bureaucracy when it is losing ground, to avoid that the other party gets in control of the bureaucracy under a spoils system. The intuition of this model is that, for the incumbent party, an independent civil service is preferable to a spoils system controlled by the opposing party. This follows from an electoral advantage to incumbency due to a spoils system. With a merit system, moreover, the incumbents can lock in both policies and loyal employees as agents, at least in the short term (Ruhil and Camões 2003; Ujhelyi 2014).[4] It should be noticed that uncertainty about leadership succession was already discussed in the traditional political science approach in the 1990s (Silberman 1993)

Conversely, the "investment" argument says that incumbents will favor delegation when they are electorally secure, as politicians need the assurance of remaining in power to reap the benefits of delegation (Gailmard and Patty 2007, 2012a, 2012b; Huber and Ting 2016). This logic is in line with those explanations discussed above that focus on the efficiency of the bureaucratic system in creating public goods. For instance, Lewis 2007

[4]According to Enikolopov 2014, patronage allows targeting of a particular group of voters and solving the commitment problem in vote-buying.

finds that those federal programs administered by political appointees perform worse than those administered by civil servants.

Both views miss the important incentive role determined by the different types of divided government situations, to which we turn in the following section. It should be noticed that, instead, the role played by the different types of divided government situations is present in recent accounts of bureaucratic rule-making (Boushey and McGrath 2019). The latter find that state bureaucracies engage in more rule-making where the two chambers are split.[5]

A Simple Model

We model civil service reform from a principal-agent perspective (McCubbins, Noll, and Weingast 1987). For policy-making and legislative activity, a state legislature can have different active players depending on the context. We can think of potentially two *principals*—the two main parties— and potentially two *agents*—the governor and the bureaucracy. Denote by L and R the two potential principals and by G and B the two potential agents. [6] The reason for using the term "potential" is that under unified government there is effectively only one principal (the party controlling the majority in both chambers) while under divided government there are two principals; and while in a spoils system G and B are one agent (because B is chosen by G), they are two separate agents in a merit system.

[5]The prediction we obtained with our model is also broadly in line with recent empirical work showing that divided government leads to welfare state reforms (Bernecker 2016), which in turn build on historical political economy work (Skocpol and Finegold 1982).

[6]Models with two principals have already been used in studying the effect of information asymmetry on delegation. See, for instance, Gilligan and Krehbiel 1989.

In periods of divided government such that the House and the Senate are controlled by different parties, which we will call the *divided chambers* case, there is at least one principal with high distance from the ideology of the Governor, and hence we should expect intuitively less policy-making and legislative activity delegated to the Governor. Also in the other type of divided government, where the chambers are controlled by one party but the Governor belongs to the other party, which we will call the *divided Governor* case, we should expect low levels of policy-making and legislative activity delegated to the Governor. However, these two subcases of divided government may behave differently, as we shall see, in terms of delegation to the bureaucracy when it is an independent agency.

The formal model captures these ideas in the simplest possible way. Denote by $H \in \{L, R\}, S \in \{L, R\}$ the House and Senate majority, respectively. Assume that each policy decision that needs to be made has the following features. Given the realization of a state of the world $\theta \in \Theta \equiv [0, \bar{\theta}]$, the ideal point for party L would be $\theta - k$, whereas the ideal point for R would be $\theta + k$, for some $k > 0$ capturing bias. This holds for both legislative chambers, the governor, and, under a spoils system, the bureaucracy. Under a merit system, however, the independent bureaucracy B has ideal point θ. Assume that all players have linear loss functions from the respective bliss point: given any chosen policy $x \in \mathcal{R}$, and denoting by $b_j(\theta)$ the bliss point for player j,

$$u_j(x, \theta) \equiv -|x - b_j(\theta)|.$$

Assume that the House legislators and Senators have a uniform prior over Θ.[7] B can

[7] Analogous results could be obtained with any distribution, as long as it has a symmetric density around the mean. If one wanted to focus on the role of asymmetric information per se could adopt a general prior distribution and verify that the comparative statics of our results would be in line with similar ones in the literature (see e.g. Gilligan and

observe perfectly the realization of the state of Nature θ, whereas G observes a noisy signal (intermediate information between the chambers and B).[8]

Consider any period with a spoils system status quo and a triple $(H, S, G) \in \{L, R\}^3$. A specific state of the world $\theta \in \Theta$ materializes; B observes θ, whereas H and S remain uninformed about θ and G receives a much more precise signal. The time line of the game in each pre-reform period, characterized by an electoral realization of H, S, G, is as follows:

1. H can propose a civil service reform or not; if S accepts, the civil service reform takes place at a cost c for all; otherwise the game continues maintaining the spoils system.

2. Then H can either

   (a) propose a delegation choice (G or B) to S; or

   (b) propose to choose the policy or legislation without delegation.

3. If H chooses the former, then S can accept or reject; when they accept, the proposed delegation obtains; in case of rejection the policy has to be chosen by political compromise as in the latter case.

   If H has chosen to go for no delegation or proposed a delegation that was rejected, in both cases the policy chosen is the one that generates equal expected utility gains

Krehbiel 1989). We prefer to keep the uniform distribution here and avoid to present such a comparative statics result, since it does not alter qualitatively the novel predictions we focus our paper on.

[8]Especially in the early period of our dataset legislators were part-time politicians, hence the difference in expertise w.r.t. the agents was probably quite large. On the other hand, the executive offices related to the governor can receive in principle almost as much technical advice by experts as a specialized bureaucracy.

for H and S, in the spirit of Nash bargaining.[9]

4. In case of proposed and accepted delegation, whoever is delegated, G or B, decides the policy.

The equilibrium choices are obtained with the standard backward induction logic.

Unified government case: $H = S = G = j$, $j = L, R$.

In the subgame where the spoils system is kept at stage 1, H proposes delegation to G or B, and S accepts. [10] The chosen policy would then match the bliss point of the principals.

In the other subgame where civil service reform is chosen at stage 1, on the other hand, the legislature would strictly prefer to delegate to the governor if G's information disadvantage w.r.t. the bureaucrat is small enough, as the bureaucrat has a different ideal point. In this subgame the chosen policy does not match the bliss point of the principals with probability 1 under any circumstance. Hence at stage 1 it must be the case that the spoils system is kept.

Divided Governor case: $H = S = j$, $G = -j$, $j = L, R$.

Under a spoils system, we have $G = B$ and both governor and bureaucracy have the opposite preference bias to the legislatures. Therefore no delegation can occur in equilibrium if $k > \bar{\theta}/8$. To see this, note that without delegation the principal — L without loss of generality — would choose the policy $x_{nd} = \bar{\theta}/2 - k$, determining an expected

[9]Replacing the assumption of a compromise in the absence of delegation in a divided chambers case with an assumption of any other fixed status quo position would yield qualitatively similar results.

[10]G has the same preferences as the principals and in the case of a spoils system the governor would then let the bureaucracy choose, since $B = j$ with the same preferences and perfect information.

utility of

$$U_l(x_{nd}) \equiv \int_0^{\bar{\theta}} u_l(\bar{\theta}/2 - k, \theta) d\theta = \int_0^{\bar{\theta}} -|\bar{\theta}/2 - k - \theta| d\theta. \tag{1}$$

Delegation on the other hand would yield

$$U_l(x_d) = -2k. \tag{2}$$

Given that the expected information loss by not delegating is $\bar{\theta}/4$, delegation is never chosen if $\bar{\theta}/4 < 2k$, i.e. if $k > \bar{\theta}/8$. Thus, for k above that threshold the final policy in the spoils system subgame is the uninformed expected utility maximizer of the unified chambers.

In the merit system subgame, the bureaucrat is unbiased and therefore closer to the legislature than the governor. Hence delegation to bureaucracy is strictly preferred to delegation to governor under the merit system for every value of k. With no delegation, the policy choice equals $\bar{\theta}/2 - k$ (still considering that the chambers are controlled by L). With such an uninformed choice, the expected loss for the principal w.r.t. an informed choice is again $\bar{\theta}/4$. On the other hand, delegating to an independent bureaucrat yields a loss of k. Thus, delegation to an independent bureaucracy obtains only if

$$k < \bar{\theta}/4. \tag{3}$$

Comparing the two subgames, it is clear that for small enough c a civil service reform is strictly preferred for $k \in (\bar{\theta}/8, \bar{\theta}/4)$.

Divided chambers case: $H = j$ and $S = -j$.

In this case, condition (3) is a necessary condition for existence of an equilibrium with delegation in the spoils system subgame.[11]

In the merit system subgame delegation to G is dominated (even when (3) holds) by delegation to B, even ignoring the information difference. The reason is that B will choose θ without bias, hence eliminating the tradeoff for the divided principals: the information improvement would come at no bias cost, hence H and S must prefer such a delegation and it becomes the unique equilibrium of the subgame. Comparing the two subgames, for c not too large the civil service reform is preferred at stage 1.

In conclusion:

Proposition 1:

– (I) *Under unified government a civil service reform is not chosen.*

– (II) *Delegation to B is the only equilibrium with a merit system under divided chambers, and a civil service reform is therefore chosen if c is not too large.*

– (III) *In the divided governor subcase delegation to B with a merit system obtains if and only if (3) holds. For even lower values of k, $k < \bar{\theta}/8$, delegation to B would happen in equilibrium even under a spoils system. A civil service reform is chosen if c is small enough and the polarization parameter k is intermediate.*

For direct empirical evidence of the policy subgame delegation results of Proposition 1(I), see Epstein and O'Halloran 1999; Franchino 2004; Vannoni, Ash, and Morelli 2020.[12]

[11] With divided chambers Nash bargaining would generate $\bar{\theta}/2$, G if delegated would choose (through B) the correct θ but would apply her policy bias, hence the tradeoff is the same as the one in the previous case for delegation to B.

[12] For consistency reasons, we use the word delegation, but a very similar logic applies using discretion or autonomy. The difference between discretion and autonomy is important: discretion means more power to the agent, but always within the contractual relationship; autonomy means changing that relationship (Carpenter 2001). Hence, the creation of merit system can be seen as a form of autonomy.

Under a unified government the equilibrium delegation for policy choices is such that a civil service reform is never chosen. On the other hand, under divided chambers, there would be always consensus to go for a civil service reform for sufficiently small c. Finally, a threshold value of c below which civil service reform is chosen exists also under divided governor, but subject to the additional polarization condition.

Some caveats could be introduced when considering the future. If in the divided governor case they expect that with high probability the next elections will bring about a unified government, then, with a sufficiently high discount factor, a civil service reform would not be chosen even if c is low. However, the static contrast between unified and divided government in terms of incentives to reform are sharp enough that even the introduction of various types of dynamic caveats would not likely alter our testable prediction. For the dynamic considerations to reverse the static prediction in terms of overall incentives one would have to argue that the probability of reverting back to unified government next period when today we have a divided government is much higher than the probability of facing divided government next period when today we have divided government. Interestingly, one of our empirical findings below is that the significance of divided government for reform incentives are particularly strong when both chambers have a large majority, implying a larger probability of continuation of divided government in the next legislature.

Given recent work by Caughey, Xu, and Warshaw 2017 that finds a minimal partisan difference in state policymaking, we could venture to say that the parameter k of polarization in our model should be thought of as quite small.

An alternative theory that could lead to the same prediction we make is that both parties would like to reform and modernize state government but no party is willing to unilaterally forego patronage. Divided government presents the opportunity to solve this dilemma. This mechanism is slightly different from the one we propose in the formal model but is in the same general spirit.[13]

Evidence on Divided Government and Civil Service Reform

The model described in the previous section generates a prediction that civil service reform is more likely under divided government. This section takes this prediction to the data.

Anecdotal Evidence

Before discussing the statistical analysis, we provide some anecdotal evidence that the push for civil service reform was mainly bipartisan and the main reforms across the U.S. states were enacted when a single party did not have full control over the government. This is different from what the contemporary political economy literature normally assumes.

The semi-annual Book of the States (BoS) provides detailed discussions of the process of state government reorganization. The BoS documents that reorganization is often overseen by bi-partisan commissions and supported by the use of study groups and public opinion polls (BoS 1954 Section IV). The introduction of the merit system across U.S. states was no different. In the 1940s and 1950s, a series of Little Hoover Commissions, modeled after the Hoover Commission at the federal level, were central in making proposals for strengthening central personnel agencies in several states, such as Montana, Nevada,

[13]A different model that would be interesting to consider in future research is one where the policy reform is always proposed by the bureaucracy, as discussed in Bendor, Taylor, and Van Gaalen 1987. In such a setting, it surely continues to be true that under unified government there would be no incentives to introduce civil service reform, but the specific conditions under which a introduce civil service reform could pass under divided government would be slightly different from those obtained in our proposition.

Illinois, Louisiana, and New Mexico (BoS 1954 Section IV).

An interesting example of this process was Louisiana's 1940 law enacting a comprehensive civil service. The law was drafted by a group of citizens with the help of public interest attorneys, rather than by lobbyists or legislators themselves (Hyneman 1940). The legislation set up a state civil service commission, composed of individuals appointed by state universities and confirmed by the governor, to oversee the implementation of the merit system. The drafters realized that the merit system would need strong public support to survive (Hyneman 1940).

The reform in Michigan, around the same time, also demonstrates the importance of a bipartisan commission. According to Litchfield (1941, p.80) , "The amendment seeks to set up a system in which the actual administration is conducted by a competent personnel director, who is to be advised by, and in the last analysis checked by, a non-salaried, bi-partisan commission".

Similarly, bipartisan commissions and civil society groups were central in the first wave of civil service reform at the end of the 19th century. The New York Civil Service Reform Association is the exemplary case, which inspired the Civil Service Commission created by the Pendleton Act at the federal level.

Comprehensive civil service reforms were introduced at times when no single party had a stronghold over the government. As pointed out by Dresang (1982, p. 44):

> the cluster of states where reforms have been most frequent and far-reaching are states where there is meaningful two-party conflict in gubernatorial races and where there have indeed been changes in governors and in party control of that office during the period being examined.

This was true also at the federal level, where the discussion about the introduction of a merit system started between the Democrat President Johnson and the Republican-controlled Congress (Ruhil and Camões 2003). In the process of extending the merit system at the federal level, the Congress decided to adopt a strong commitment device (enshrined in the Pendleton Act), which envisaged the automatic expansion of the merit system as the federal civil service grew (Johnson and Libecap 1994). This was done to avoid potential conflicts (and Presidential vetoes) on periodic votes on the expansion of the civil service (Johnson and Libecap 1994).

Data

This subsection describes the data used for the analysis of divided government and civil service reform. First, we define civil service reforms as the extension to U.S. state agencies of the principles established by the Pendleton Act. These include meritocratic recruitment, bureaucratic tenure, and political independence.[14]

The argument that these civil service reforms created an "independent" bureaucracy, as defined in our theory, requires some discussion. First, Schuster 2018 shows that the introduction of bureaucratic tenure, one of the principles in the reforms we study in this work, has a strong effect on the principal-agent relation in place between political patrons and appointee-clients. Tenure protections reshape the incentive structure under which bureaucrats act, as legislators lose their power over their career and remuneration (Schuster

[14]Some work (Ruhil and Camões 2003) focuses on the first introduction of merit principles in state civil service, which in most cases it was partial, namely applied only to some agencies. In line with the recent political economy literature (Folke, Hirano, and Snyder 2011; Ting et al. 2013; Ujhelyi 2014), we look at the introduction of merit principles to the entire civil service. We acknowledge that job tenure and political neutrality were added gradually to the Pendleton Act.

2016, 2018). As a result, bureaucrats become less responsive. [15] The same can be argued for political independence, as bureaucrats no longer have to be associated with a party to keep the job and make a career, and meritocratic recruitment, as parties no longer can use recruitment as a mechanism to control current and future bureaucrats. To summarize, civil service reform selects for less partisan-driven bureaucrats and imposes weaker political incentives once they are in office. Therefore we argue that the bureaucrat is better able and more incentivized to choose the policy that best matches the state of Nature, even if that means going against the policy bias of the party in power.[16]

Second, we also look at another dimension of the independence of bureaucracy. Indeed, it might be that although independent bureaucrats can more easily follow Nature, their role is attenuated by the presence of politically appointed top-level bureaucrats. In this vein, we consider the appointment rules for the personnel executive, namely whether the personnel executive is appointed by the governor or an independent body (Ujhelyi 2014). Under the governor's appointment, there is less independence.

The time period under analysis is 1965 through 1983. The pre-1980s reforms are more comparable in this regard (Ujhelyi 2014). Also, the 19th century and early 20th century reforms at the state level were strongly influenced by top-down policy diffusion from the federal level. For instance, the 1939 Hatch Act represented an important piece of legislation for the civil service, restricting the ability of civil servants to take part in political activities at the federal level. It had a strong effect on the civil service reforms enacted after that year at the state level. Also, in 1939 the Congress amended the Social Security Act,

[15]Yet, they might perform better, as theoretical (Gailmard and Patty 2007) and empirical evidence suggests (Brewer and Selden 2000; Rubin and Kellough 2012).

[16]It should be noted that appointment mechanisms are common practice in measuring delegation to independent agencies (Volden 2002b).

requiring the establishment of merit systems in those departments cooperating with the administration of the Act. As such, in the study of the causes of civil service reform, it is advisable to concentrate on the reforms which started after these waves of policy diffusion from the federal level.[17] In any case, we include year fixed effects to control for any nationwide federal level influences.

We have the following variables for variation in civil service rules. First, we have a dummy variable for the introduction of a comprehensive merit system in the state bureaucracy. Second, we consider the appointment rules for the personnel executive.[18] In those states that require the chief personnel executive to be selected by an independent board the power of the governor over the civil service is further reduced (Ujhelyi 2014). In the preferred specification, we combine these two variables together, deriving a single index to summarize independence. This variable takes value 0 where no comprehensive merit system is in place, value 1 where a comprehensive merit system (with no independent personnel executive) is in place, and value 2 where a comprehensive merit system (with an independent personnel executive) is in place. We also use the introduction of a comprehensive merit system as a dichotomous dependent variable in one specification. Over this period, 12 states with patronage systems introduced comprehensive merit systems as defined above. Additionally, looking at reforms that changed appointment rules for the personnel executive, there were 38 changes in 26 states (Ujhelyi 2014). Overall, we have variation in the dependent variable for 30 states. Moreover, it should be noticed that

[17]It should be noted that this sample allows controlling for the influence of vertical policy diffusion from the federal level and horizontal policy diffusion across states. The period of analysis ends at the time of the Civil Service Reform Act, which started a period of retrenchment of the merit principles in the public administration, at federal and then at local level (McGrath 2013; Ujhelyi 2014).

[18]As explained in the Appendix, we also thoroughly reviewed the primary and secondary sources suggested by Ujhelyi 2014 and Ting et al. 2013 (see Table A1 in the Appendix).

variation does not only go one way: in the period under analysis, some states moved from a merit system with an independent personnel executive to one without.

Our data on divided government comes from the partisan balance dataset in Klarner 2003. First, we have *Divided Any*, which means any division of party control across the two legislative chambers and the governorship. Formally, it takes value 0 where there is unified Democratic or Republican control of both the legislature and governor's office and value 1 otherwise. Second, we have *Divided Governor*, which means that the legislature is politically unified, but the governorship is controlled by the other party. A variant of this measure is *Divided Governor Veto*, which captures the more divisive situation where the legislative party has a veto-proof majority.[19] Finally, we define *Divided Chambers* as the case where the two legislative chambers are controlled by different parties.[20] The model highlights the important differences between these forms of divided government.

Control variables are taken from Ujhelyi 2014, which include the following. Citizen ideology measures how liberal congressional candidates are, irrespective of their parties, and use their vote share to measure the ideology for the electorate (Berry et al. 1998). The fraction of the urban population measures the percentage of the total population in a state living in urban areas, according to the US Census. We also take into consideration the number of full-time state employees, according to the US Census, and income. For more information on these variables, see the Appendix in Ujhelyi 2014. To some extent, these control variables allow accounting for the alternative explanations the literature has so far put forward. The number of full-time public employees might influence the

[19]This is a common measure of government divisiveness for separation of powers systems (Epstein and O'Halloran 1994, 1999; Volden 2002b, 2002a).

[20]In the Appendix, we look at other measures including *Divided Government Tax and Budget* which is a variant of Divided Government Veto.

introduction of a merit system, as a higher number of civil servants employed under a patronage system might lead to a stronger opposition to reform. Conversely, it might also be that the increasing number of patronage positions raises the cost of maintaining the spoils system, as happened at the federal level (Johnson and Libecap 1994). Table A2 in the Appendix shows the descriptive statistics of the variables used in this analysis.

Empirical Strategy

Our empirical approach relies on fixed effects estimation using ordinary least squares (OLS).[21] We use state fixed effects to control for any time-invariant state-level confounding factors. [22] We use year fixed effects to control for nationwide time-varying factors. We use state-level time trends to allow for pre-existing confounding trends.

We estimate a linear model of $MeritIPE_{st}$, which equals zero for no reforms, one with a merit system (but no independent personnel executive), and two for a merit system with an independent personnel executive. The model is

$$MeritIPE_{st} = \alpha DividedGovernment_{st} + X'_{st}\beta + \gamma_s + \delta_t + \phi_{st} + \varepsilon_{st} \tag{4}$$

[21]The outcome variable $MeritIPE_{st}$is a discrete ordered outcome taking values 0, 1, or 2. Therefore the OLS assumptions of a linear model are not satisfied in this case. However, under non-linearity OLS still approximates the conditional expectation function, and serves as a preferred econometric baseline – similar to how a linear probability model is more robust than logit or probit (Angrist and Pischke 2008). For robustness, we also estimate ordered logit regressions in all regression tables. Ordered logit assumes the correct outcome model (discrete ordered outcomes), but places stronger assumptions on the distributions of the residuals and the error term.

[22]As mentioned above, by the 1940s most states had already introduced some sort of merit system in the civil service (Ruhil and Camões 2003). Some of them had introduced partial reforms, while others had enacted comprehensive reforms. We use state fixed effects to control for this heterogeneity across states at the beginning of our period of analysis.

where $DividedGovernment_{st}$ measures divided government, X_{st} is a vector of time-varying state characteristics, γ_s and δ_t are state and year fixed effects and ϕ_{st} represents state time trends.

We cluster standard errors by state to allow serial correlation within state over time (Bertrand, Duflo, and Mullainathan 2004). Consistent estimation of treatment effects follows from the standard assumptions on parallel trends. We use the reghdfe Stata package. [23]

Results

TABLE 1 *Divided Government and Civil Service Reform*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
VARIABLES	Merit IPE	Merit IPE	Merit IPE	Merit IPE	Merit IPE	Merit IPE - Ologit	Merit
Divided Any	0.109*	0.110*		0.0931*	0.0535	0.559+	0.0105
	(0.0451)	(0.0455)		(0.0454)	(0.0374)	(0.306)	(0.0143)
Divided Veto			0.149**				
			(0.0505)				
Citizen Ideology				1.191**	0.616*	8.142**	0.265
				(0.434)	(0.250)	(2.874)	(0.184)
Percent Urban				6.816+	3.803	45.33	5.501**
				(3.561)	(8.033)	(29.55)	(1.781)
Income				-0.00110	0.0398	-0.0987	-0.0191
				(0.0629)	(0.0826)	(0.449)	(0.0273)
Full-time Employment				-0.518	0.235	-2.678	-0.380
				(0.572)	(0.371)	(4.175)	(0.248)
Observations	830	830	830	830	830	830	893
State FE	X	X	X	X	X	X	X
Time FE		X	X	X	X	X	X
State-Specific Trends					X		

Notes: Column 1 shows the results for the OLS regression model with state fixed effects. Column 2 adds year fixed effects. Column 3 is the same as Column 2, but with Divided Government Veto as the explanatory variable rather than Divided Any. Column 4 goes back to Divided Any and adds time-varying controls (citizen ideology, urban population, (logged) number of state employees and (squared) income). Column 5 uses these controls and adds state-specific time trends. Column 6 uses ordered logistic regression and includes state and time fixed effects and controls. Column 7 uses the same specification of Column 4, but uses the introduction of a comprehensive merit system as (dichotomous) dependent variable, without taking into consideration the appointment rules for the personnel executive. In all models standard errors are clustered by state. **p<.01; *p<.05; +p<.1.

[23]This is the panel data model discussed in Correia 2016. We use this model as it supports two levels of fixed effects.

Our first results are reported in Table 1. We look at the effect of any divided government on merit reform choice probability using the fixed-effects model in (2). We can see that with state fixed effects, or with state and year fixed effects, there is a positive and significant effect. Before getting to other specifications, we also report in Column 3 the same specification as 2 with Divided Veto as the explanatory variable. This is a more divisive partisan condition (legislators have a veto-proof majority), and we would expect a larger effect. [24] As can be seen, it is a larger coefficient and it is significant at the 1% level. Overall, these results support the prediction in Proposition 2 that merit reform is more likely under divided government. [25]

Next, we see that the effect of Divided Any is robust to the inclusion of controls (Column 4), but not to the inclusion of state trends (Column 5). The effect is marginally significant ($p < .1$) in the ordered logit model, which relaxes the linearity assumption in the outcome variable. Finally, there is no effect of Divided Any on the binary merit system outcome which disregards the IPE reform.

Our second set of results, reported in Table 2, unpack the divided government effects separately by Divided Governor (unified legislature and opposing governor) and Divided Chambers (divided legislature). With state fixed effects (Column 1) or state and year fixed effects (Column 2), there is a positive effect of both variables on civil service reform (marginally significant at $p < .1$). After adding controls (Column 3), the effect of

[24]There is variation in institutions across states that this data takes into consideration, such as the fact that until the mid-1990s North Carolina's Governor did not have veto powers.

[25]In an important study, Ruhil and Camões 2003 use Cox Hazard models to study the adoption of civil service reforms. Panel data fixed effects, as used in this work, are more appropriate for what we test. Indeed, we are not interested in the timing of adoption and the state characteristics that affect that timing, but we are interested how within-state variation in the type of government affects the likelihood of reforming the civil service.

TABLE 2 *Divided Governor, Divided Chamber, and Civil Service Reform*

VARIABLES	(1) Merit IPE	(2) Merit IPE	(3) Merit IPE	(4) Merit IPE	(5) Merit IPE - Ologit	(6) Merit
Divided Governor	0.112*	0.110+	0.0765	0.0438	0.439	-0.00878
	(0.0531)	(0.0581)	(0.0557)	(0.0453)	(0.389)	(0.0193)
Divided Chambers	0.101+	0.111+	0.130*	0.0712+	0.770*	0.0535**
	(0.0557)	(0.0605)	(0.0584)	(0.0397)	(0.363)	(0.0188)
Citizen Ideology			1.192**	0.614*	8.205**	0.268
			(0.436)	(0.250)	(2.867)	(0.184)
Percent Urban			7.020+	3.873	46.69	5.724**
			(3.617)	(8.003)	(29.79)	(1.802)
Income			0.00488	0.0426	-0.0589	-0.0133
			(0.0631)	(0.0839)	(0.452)	(0.0276)
Full-time Employment			-0.541	0.230	-2.830	-0.406
			(0.579)	(0.374)	(4.212)	(0.251)
Observations	830	830	830	830	830	893
State FE	X	X	X	X	X	X
Time FE		X	X	X	X	X
State-Specific Trends				X		

Notes: Column 1 shows the results for the OLS regression model with state fixed effects. Column 2 adds year fixed effects and Column 3 time-varying controls (citizen ideology, urban population, (logged) number of state employees and (squared) income). Column 4 uses these controls and adds state-specific time trends. Column 5 uses ordered logistic regression and includes state and time fixed effects and controls. Column 6 uses the same specification of Column 3, but uses the introduction of a comprehensive merit system as (dichotomous) dependent variable, without taking into consideration the appointment rules for the personnel executive. In all models standard errors are clustered by state. **p<.01; *p<.05; +p<.1.

Divided Governor is reduced to zero, while the effect of Divided Chambers is increased and becomes statistically significant. A larger and more significant effect for Divided Chambers (relative to Divided Governor) is seen when including state trends (Column 4), and in the ordered logit specification (Column 5). Finally, in Column 6 we see that in the case of basic merit reform disregarding IPE (Column 6), there is no effect of Divided Governor but a strong and statistically significant effect ($p < .01$) of Divided Chambers.

Before summarizing the results, we calculate the margins from the model in Column 5 in Table 2 for our two main independent variables. We find that, holding everything else constant, Divided Chambers (where the chambers are divided and where one chamber and the governor come from the same party) has a stronger effect than Divided Governor on the probability that Merit IPE equals 2 (the governor loses all control on the bureaucracy as they cannot appoint the personnel executive). The reason is that the chamber controlled by the other party will agree to a civil service reform only if the bureaucracy is to be made truly independent (avoiding the risk of having the other chamber, the governor and bureaucracy controlled by the other party).

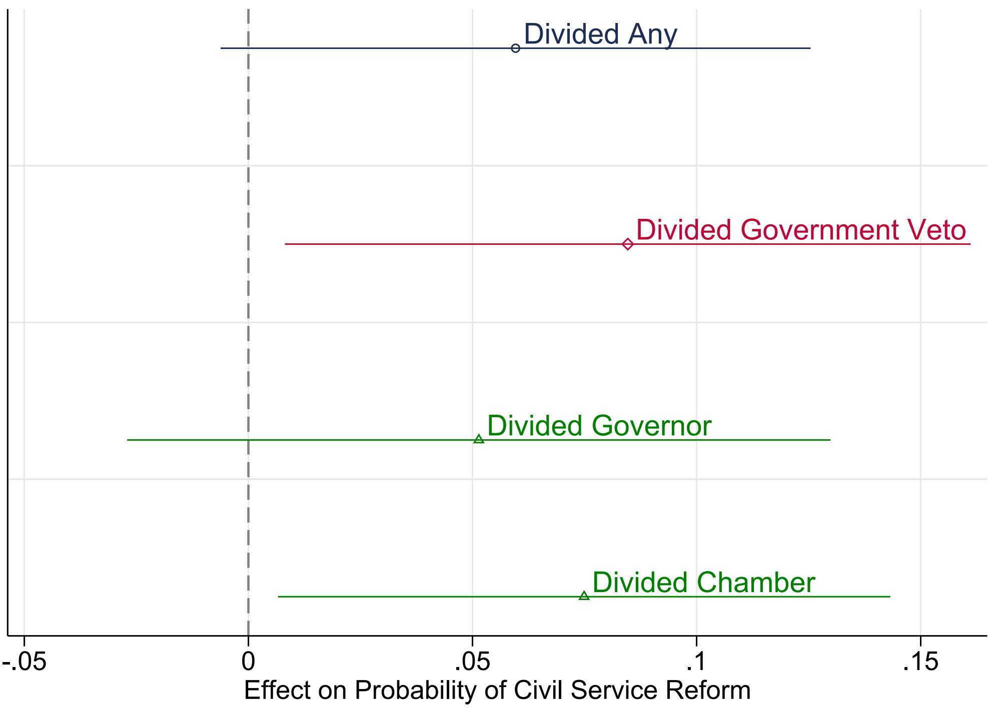
The main results are summarized by the coefficient plot in Figure 1. There is a generally positive effect of divided government on the probability of civil service reforms. That effect is largest and most significant for the Divided Veto and Divided Chambers treatments. Overall, these findings support the main predictions in Proposition 2. Not only does divided government generally increase the frequency of merit reform, but that effect is significantly stronger under Divided Chambers.

In Table A5 in the Appendix, we show that our results are robust to controlling for the shares of the governor party in both chambers and the share of votes for democratic governor in the previous election. This regression-discontinuity specification accounts for potential confounding factors in the multiple elections that produce unified or divided government in separation-of-powers systems (Kirkland, Phillips, et al. 2018). This is not our preferred specification as previous work shows manipulation around the cutoff in the legislative seat shares (Caughey and Sekhon 2011). Finally, we checked whether results hold when dropping Southern states. Again, results are robust.

Conclusion

The analysis in this paper shows that when the government is divided, it is more likely that a strong civil service reform takes place. Under unified government, we predict that only delegation to the Governor can be rationalized. Under divided chambers, both

Figure 1. Summary of Results



Notes: Coefficient plot for main regression results. Estimates are from regressions of $MeritIPE$ on Divided Any (first line, in blue), Divided Veto (second line, in red), and Divided Governor + Divided Chambers (third/fourth lines, in green). Regressions include state fixed effects, year fixed effects, and state-specific trends, with standard errors clustered by state. Error spikes give 90% confidence intervals.

parties would like to delegate as much as possible to the bureaucracy but only if such a bureaucracy is independent, hence the preference for delegation to an independent agency generates also the incentive to push for a civil service reform if the status quo displays a spoil system.

The previous literature stressed the very different possibility that a party in power would want to create a merit system if they are about to lose power, to avoid that the opposing party gets hold of the spoils system or sets policies ideologically disliked. Other work suggests that it is when the party in government is sure about maintaining control over the state institutions for the foreseeable future that they create a merit system, to reap the benefits of an efficient bureaucracy. Both strands rely on the assumption that there is a single party in power (i.e. unified government). Our theory is different, emphasizing, on the contrary, the crucial role played by divided government of various kinds and strength, both in terms of delegation incentives and in terms of reform incentives. The empirical evidence supports our novel view.

This work bridges the gap between studies on legislative policy delegation and those on policy conflict and rule-making and is thus relevant for contemporary issues that affect bureaucracy in many countries. Today, with increasing polarization and political conflict, more and more policy-making is in the hands of bureaucrats. In this work, we look at the causes of these dynamics.

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Appendix:
Divided Government, Delegation, and Civil Service Reform *

Elliott Ash[†], Massimo Morelli[‡], Matia Vannoni[§]

Dates of Adoption of Merit Systems

Table A1 below shows the dates of the adoption of the merit systems across US states. We rely on two main secondary sources, namely Ujhelyi 2014 and Ting et al. 2013. Where the dates are the same in these two sources, no further research is carried out. Where these two dates differ, we look for further secondary and primary sources. In some cases, no sources were available and hence we relied on Ujhelyi 2014 'as default'. In those cases where we find that primary sources contradict his findings, we specify it in the Notes column.

[†]ETH Zurich (ashe@ethz.ch).
[‡]Bocconi University, IGIER and CEPR (massimo.morelli@unibocconi.it).
[§]King's College London (matia.vannoni@kcl.ac.uk).

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State	Introduction Merit System			Notes
	Ujhelyi 2014	Ting et al. 2013	This Paper	
AK	1960	1960	1960	Same
AL	1939	1939	1939	Same
AR	1969	1968	1969	Ujhelyi (2014) as default
AZ	1968	1968	1968	Same
CA	1913	1913	1913	Same
CO	1919	1918	1918	Colorado Constitution amended in 1918
CT	1937	1937	1937	Same
DE	1968	1966	1966	Law enacting merit system passed in 1966
FL	1967	1968	1967	Florida statute enacted in 1967
GA	1945	1953	1945	Georgia constitution amended in 1945
HI	1955	1955	1955	Same
IA	1967	1966	1966	Iowa Code enacted in 1966
ID	1967	1969	1967	Ujhelyi (2014) as default
IL	1905	1905	1905	Same
IN	1941	1941	1941	Same
KS	1941	1941	1941	Same
KY	1960	1954	1960	Law passed in 1960
LA	1952	1940	1952	Ujhelyi (2014) as default
MA	1885	1885	1885	Same
MD	1921	1921	1921	Same
ME	1937	1937	1937	Same
MI	1941	1937	1940	Ujhelyi (2014) as default
MN	1939	1939	1939	Same
MO	1945	1946	1945	Constitution amended in 1945
MS	1977	1976	1976	Code enacting merit system adopted in 1976
MT	1976	1976	1976	Same
NC	1949	1949	1949	Same
ND	1975	1974	1975	Ujhelyi (2014) as default
NE	1975	1974	1975	Ujhelyi (2014) as default
NH	1950	1954	1950	Ujhelyi (2014) as default
NJ	1908	1908	1908	Same
NM	1961	1962	1961	Ujhelyi (2014) as default
NV	1953	1953	1953	Same
NY	1883	1883	1883	Same
OH	1913	1913	1913	Same
OK	1959	1958	1959	Merit system adopted in 1959
OR	1945	1945	1945	Same
PA	1963	1968	1963	Ujhelyi (2014) as default
RI	1939	1939	1939	Same
SC	1969	1973	1969	Ujhelyi (2014) as default
SD	1973	1968	1973	Ujhelyi (2014) as default
TN	1937	1937	1937	Same
UT	1963	1962	1963	Ujhelyi (2014) as default
VA	1943	1942	1943	Ujhelyi (2014) as default
VT	1950	1950	1950	Same
WA	1961	1961	1961	Same
WI	1905	1905	1905	Same
WV	1989	1989	1989	Same
WY	1957	1956	1957	Personnel Act adopted in 1957

Descriptive Statistics

TABLE A1 *Descriptive Statistics*

VARIABLES	N	mean	sd	min	max
Civil Service Reform	950	0.889	0.314	0	1
Citizen Ideology	912	0.432	0.175	0.00963	0.869
Income	912	10.68	1.889	5.297	15.80
IPE	849	0.455	0.498	0	1
Percent Urban	912	0.659	0.143	0.321	0.917
Full-time Employment	912	10.47	0.846	8.434	12.40
Simple Divided Government	931	0.300	0.458	0	1
Divided Veto	931	0.345	0.476	0	1
Divided Tax and Budget	931	0.361	0.481	0	1
Civil Service Reform IPE	849	1.331	0.685	0	2
Divided Governor	931	0.300	0.458	0	1
Divided Chambers	950	0.155	0.362	0	1
Divided Any	931	0.458	0.498	0	1
Share Governor Party in Senate	931	57.27	23.62	0	100
Share Governor Party in House	931	57.13	22.69	3	100
Share Dem Governor	950	6.431	29.73	-100	100

Robustness Checks

TABLE A2 *Divided Government Veto and Civil Service Reform*

	(1)	(2)	(3)	(4)	(5)
VARIABLES	Merit IPE	Merit IPE	Merit IPE	Merit IPE (O. Logit)	Merit
Divided Veto	0.145**	0.149**	0.0816+	0.818**	0.0321+
	(0.0519)	(0.0520)	(0.0453)	(0.300)	(0.0163)
Citizen Ideology			0.620*	8.392**	0.0201
			(0.257)	(2.834)	(0.139)
Percent Urban			3.899	45.45	3.082
			(8.214)	(28.63)	(3.700)
Income			0.0422	-0.0828	0.0250
			(0.0849)	(0.435)	(0.0432)
Full-time Employment			0.241	-2.731	-0.00196
			(0.382)	(4.128)	(0.138)
Observations	830	830	830	830	893
State FE	X	X	X	X	X
Time FE		X	X	X	X
State-Specific Trends			X		X

Notes: Column 1 shows the results for the OLS regression model with state fixed effects. Column 2 adds year fixed effects and Column 3 time-varying controls (citizen ideology, urban population, (logged) number of state employees and (squared) income) and state-specific time trends. Column 4 uses ordered logistic regression and includes state and time fixed effects and controls. Column 5 uses the same specification of Column 3, but uses the introduction of a comprehensive merit system as (dichotomous) dependent variable, without taking into consideration the appointment rules for the personnel executive. In all models standard errors are clustered by state. **p<.01; *p<.05; +p<.1.

TABLE A3 *Simple Divided Government and Civil Service Reform*

VARIABLES	(1) Merit IPE	(2) Merit IPE	(3) Merit IPE	(4) Merit IPE (O. Logit)	(5) Merit
Simple Divided Government	0.0862	0.0815	0.0254	0.243	-0.00127
	(0.0522)	(0.0606)	(0.0431)	(0.373)	(0.0150)
Citizen Ideology			0.630*	8.075**	0.0229
			(0.254)	(2.899)	(0.139)
Percent Urban			4.326	46.64	3.382
			(8.209)	(29.84)	(3.694)
Income			0.0374	-0.155	0.0240
			(0.0861)	(0.425)	(0.0434)
Full-time Employment			0.235	-2.781	-0.00740
			(0.385)	(4.220)	(0.138)
Observations	830	830	830	830	893
State FE	X	X	X	X	X
Time FE		X	X	X	X
State-Specific Trends			X		X

Notes: Column 1 shows the results for the OLS regression model with state fixed effects. Column 2 adds year fixed effects and Column 3 time-varying controls (citizen ideology, urban population, (logged) number of state employees and (squared) income) and state-specific time trends. Column 4 uses ordered logistic regression and includes state and time fixed effects and controls. Column 5 uses the same specification of Column 3, but uses the introduction of a comprehensive merit system as (dichotomous) dependent variable, without taking into consideration the appointment rules for the personnel executive. In all models standard errors are clustered by state. **p<.01; *p<.05; +p<.1.

TABLE A4 *Divided Government Tax and Budget and Civil Service Reform*

VARIABLES	(1) Merit IPE	(2) Merit IPE	(3) Merit IPE	(4) Merit IPE (O. Logit)	(5) Merit
Divided Tax and Budget	0.147**	0.153**	0.0807+	0.841**	0.0334+
	(0.0521)	(0.0525)	(0.0462)	(0.305)	(0.0166)
Citizen Ideology			0.615*	8.347**	0.0182
			(0.257)	(2.827)	(0.140)
Percent Urban			3.820	45.72	3.041
			(8.191)	(28.69)	(3.690)
Income			0.0411	-0.0979	0.0245
			(0.0850)	(0.433)	(0.0432)
Full-time Employment			0.225	-2.834	-0.00864
			(0.385)	(4.138)	(0.137)
Observations	830	830	830	830	893
State FE	X	X	X	X	X
Time FE		X	X	X	X
State-Specific Trends			X		X

Notes: Column 1 shows the results for the OLS regression model with state fixed effects. Column 2 adds year fixed effects and Column 3 time-varying controls (citizen ideology, urban population, (logged) number of state employees and (squared) income) and state-specific time trends. Column 4 uses ordered logistic regression and includes state and time fixed effects and controls. Column 5 uses the same specification of Column 3, but uses the introduction of a comprehensive merit system as (dichotomous) dependent variable, without taking into consideration the appointment rules for the personnel executive. In all models standard errors are clustered by state. **p<.01; *p<.05; +p<.1.

TABLE A5 *Divided Governor, Divided Chamber, Divided Any, Divided Veto and Civil Service Reform - Shares*

VARIABLES	(1) Merit IPE	(2) Merit IPE	(3) Merit IPE	(4) Merit IPE	(5) Merit IPE
Divided Any	0.175**		0.0767		
	(0.0635)		(0.0521)		
Divided Veto		0.148**			
		(0.0519)			
Divided Governor				0.205*	0.0661
				(0.0988)	(0.0790)
Divided Chambers				0.158*	0.0817+
				(0.0642)	(0.0472)
Citizen Ideology			0.616*		0.616*
			(0.248)		(0.248)
Percent Urban			3.660		3.696
			(7.758)		(7.713)
Income			0.0432		0.0440
			(0.0829)		(0.0841)
Full-time Employment			0.243		0.238
			(0.373)		(0.378)
Constant	1.164**	1.318**	-4.399	1.127**	-4.370
	(0.121)	(0.0746)	(6.429)	(0.149)	(6.465)
Observations	830	830	830	830	830
State FE	X	X	X	X	X
Time FE	X	X	X	X	X
Shares	X	X	X	X	X
State-Specific Trends			X		X

SE clustered by state
**p<.01; *p<.05; +p<.1

Notes: The columns add the shares of the governor party in both chambers and the share of votes for democratic governor, replicating respectively: Column 2, 3 and 5 in Table 1 and Column 2 and 4 in Table 2. In all models standard errors are clustered by state. **p<.01; *p<.05; +p<.1.

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