RICE UNIVERSITY

Strategic Obfuscation through Bureaucratic Delegation

by

Matthew Loftis

A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE

Doctor of Philosophy

APPROVED, THESIS COMMITTEE:

Lanny W. Martin, Chair
Associate Professor of Political Science

Randolph T. Stevenson
Professor of Political Science

Royce Carroll
Assistant Professor of Political Science

Steven W. Lewis
Research Fellow; Professor of the Practice in Humanities

Houston, Texas

April, 2014
Strategic Obfuscation through Bureaucratic Delegation

by

Matthew Loftis

In this dissertation, I develop and test a theory of when politicians delegate more policy making responsibility to bureaucrats. Since minimizing blame for bad policy outcomes and claiming credit for good ones is a constant concern for politicians, the aim of reelection means it is preferable for politicians to distance themselves from policies that will be unpopular. For this reason, delegating power to bureaucrats has long been suspected of letting politicians shift responsibility for policies voters do not prefer.

I move forward our understanding of this feature of democratic politics with a detailed formal theoretical model, from which I derive new empirical expectations. I test these in the contexts of both Western and Eastern Europe, drawing on unique features of the European Union policy harmonization process to build large cross-national datasets of policy making. I use the theoretical framework to explain how political corruption in Central and Eastern Europe, combined with political control over bureaucrats, gives politicians an incentive to make policy more discretionary to obscure political responsibility. Then, I apply the theory to explain how coalition governments in Western European parliamentary democracies use bureaucratic delegation to achieve cooperation between ruling parties discreetly, to avoid attracting voters’ attention to compromise policies. The findings reveal support for the theo-
retical model and new insights on how the dynamics of coalition government and the cabinet’s policy prerogatives in parliamentary democracies affect the transparency of the policy-making process, opportunities for corruption, and political control of policy outcomes.
To Jennifer and Bailey
ACKNOWLEDGEMENTS

The title page credits me as author but cannot attribute countless inspirations and encouragements that were, together, indispensable to any of the best aspects of this work. It is a privilege to correct the record to a small extent by expressing my deep gratitude to many mentors and friends.

I came to Rice after briefly embarking on a career in anti-corruption activism at Transparency International Romania. My coworkers were dedicated and passionate people, most of whom are still working to reveal corrupt practices and organize support for targeted reforms to improve democratic accountability. Their work and the lives improved by their work were the most important inspirations for me to study accountability. To the activists, journalists, teachers, bureaucrats, politicians, and concerned citizens who do the slow and sometimes dangerous work of organizing demands for accountability, I offer my sincerest appreciation and admiration.

Activism, it turns out, requires a level of certitude that I lacked. I struggled to understand exactly how many projects were supposed to achieve their goals, and I was confused why democratic institutions and practices that appear to work in one country can fail to bring about accountability in another. Leaving activism, I wanted to find a way to contribute to work I cared about in a way that was intellectually satisfying. I pursued graduate study in political science to improve my understanding of democratic accountability and how we might support it, and I was especially fortunate to have the opportunity to do so at Rice University. Rice has provided a great workplace, an excellent social science education, and many opportunities for research and professional development. For all of this, I am indebted to the faculty and the university.

In particular, I thank my committee members, Lanny Martin, Randy Stevenson, and Royce Carrol for their guidance and instruction. Thank you Lanny for your constructive criticism and advice. Thank you Randy for sharing your contagious enthusiasm for science. Thank you Royce for your generosity with advice, great
ideas, and kind words. I was also very fortunate to have the opportunity to learn and receive comments from Songying Fang, Bob Stein, and Keith Hamm.

I am also indebted to many of my colleagues for hours of discussion and fun. I thank my colleagues and several coauthors, Aleks Ksiazkiewicz, Tobias Heinrich, Jaclyn Kettler, Jason Eichorst, David Fortunato, and Nick Lin, for many productive conversations and arguments and for their hard work and friendship.

Finally, I owe my most heartfelt thanks to my wife, Jennifer. Thank you that we could do this, like everything else, together.

In the spirit of ensuring clear responsibility, I reserve sole credit for all flaws.
# CONTENTS

Abstract ........................................................................................................ ii
List of Illustrations ......................................................................................... ix
List of Tables ................................................................................................ xi

1 Introduction ................................................................................................. 1

2 Clarity of Responsibility and Delegation .................................................... 6
   2.1 Hypotheses and Discussion ................................................................ 33

3 Deliberate Indiscretion? .............................................................................. 36
   3.0.1 Discretion and political responsibility ........................................ 40
   3.0.2 High-level corruption and lower-level discretion ..................... 44
   3.0.3 Research design ......................................................................... 47
   3.1 Measurements and model selection ............................................... 50
      3.1.1 Statistical model ................................................................... 60
   3.2 Results ........................................................................................... 61
      3.2.1 Robustness check: Regulatory Quality ............................... 66
   3.3 Discussion ....................................................................................... 67

4 Blame-shifting and ministerial drift ............................................................ 70
   4.1 “Collusive” Delegation in Coalitions ............................................. 73
   4.2 Choosing Legislative Instruments ............................................... 78
   4.3 Research Design ........................................................................... 82
      4.3.1 Response variable ............................................................... 85
## Illustrations

2.1 No difference in policy moderation across rules .......................... 23
2.2 An example of blame-shifting delegation (actual simulated outcome) . 26
2.3 Proportion of political responsibility from delegating over political control ($\gamma$) .......................................................... 27
2.4 Various delegation equilibria (actual simulated outcomes) .......... 29
2.5 Various legislation equilibria (actual simulated outcomes) ......... 30
2.6 Graphical summaries of comparative statics ............................. 32

3.1 Correlation of reported execution measures to full-text word counts . 53
3.2 Coefficient estimates from standardized data ............................ 62
3.3 Estimated change in political corruption’s effect over competition .. 63
3.4 Substantive impact of political corruption ................................. 64
3.5 Substantive effects conditional on regulatory quality ................. 67

4.1 Legislative instrument usage by sample country ....................... 89
4.2 Simulated Use of Laws over time ......................................... 93
4.3 Simulated Use of Administrative measures over time ................. 94
4.4 Simulated Use of Ministerial Decrees over time ...................... 94
4.5 Simulated Use of Laws over time ......................................... 97
4.6 Simulated Use of Administrative measures over time ................. 98
4.7 Simulated Use of Decrees over time .................................... 98
4.8 Simulated Use of Laws over time Single-party governments ....... 100
TABLES

2.1 Aggregate model results after 100K iterations .......................... 22

B.1 Model parameters with respective supports ............................. 122

C.1 Factor Analysis of BEEPS index questions by year ....................... 127

C.2 Summary Statistics .............................................................. 128

C.3 Model Results ................................................................. 129

F.1 Log-Logistic Accelerated Failure Time model of Cabinet Duration  . 137
Chapter 1

Introduction: Accountability and Blame Avoidance

Accountable government is the central promise of democracy. It is so central, in fact, that many scholars have viewed accountability as the benchmark for democratic government (Schumpeter 1942; Barro 1973; Ferejohn 1986; Schmitter and Karl 1991; Powell 2000), and more recent theories of democracy have come to see functioning accountability as the key factor stabilizing the institutions of democratic government (Fearon 2011; Svolik 2013). Accountability must ensure that political leaders are concerned about citizens’ welfare and work to improve it, which has provoked empirical research demonstrating that democratic government yields dividends for society over time in terms of economic and human development, and even peace (Oneal and Russet 1997; Przeworski, Alvarez, Cheibub and Limongi 2000; Ghobarah, Huth and Russett 2004; Keefer 2007; Brown and Mobarak 2009; Gerring, Thacker and Alfaro 2012).

However, for political leaders in office in these societies, accountability cuts the other way. When policy outcomes are unsatisfactory leaders face an increased risk of losing office, even when poor performance is no fault of their own. A classical example comes from the long literature on voters’ response to economic performance. Incumbents are more likely to suffer electoral loses when voters believe that the economy is under-performing (Lewis-Beck and Stegmaier 2000; Duch and Stevenson 2008), and this finding has been replicated in a wide variety of national contexts (Whitten and
Palmer 1999; Alvarez, Nagler and Willette 2000; Blais, Turgeon, Gidengil, Nevitte and Nadeau 2004; Tucker 2006; Roberts 2008). This work also suggests the key means by which politicians might avert the risk of losing office. Importantly, the evidence on economic voting shows that electoral responses to poor performance depend on the clarity of responsibility for outcomes, that is, voters’ ability to assign blame accurately to politicians (Powell and Whitten 1993; Royed, Leyden and Borrelli 2000; Samuels 2004; Bengtsson 2004; Hellwig and Samuels 2008; Duch and Stevenson 2008; Marsh and Tilley 2010). Voters do not automatically blame politicians for poor outcomes. Rather, they attribute responsibility based on the political and economic context. When these contextual factors provide a stronger link between political leaders’ actions and eventual outcomes, voters are more inclined to vote against incumbents when they perceive the economy is performing poorly.

Voters’ ability to accurately assign responsibility is demonstrably imperfect, however, even with regard to issues not related to the economy (Arceneaux 2006; Johns 2011; León 2011; Hobolt, Tilley and Banducci 2012; Caplan, Crampton, Grove and Somin 2013; Fortunato and Stevenson 2013b; Hobolt and Tilley 2014). This means that when controversial policy choices must be made or bad news about performance is imminent, political leaders can engage in a variety of strategic behaviors meant to avoid blame. Politicians delay decisions and take vague stances (Weaver 1986; Hood 2011), spin or justify information about poor performance (McGraw 1990; Hood 2011), redirect blame after the fact to different levels or branches of government (Brändström, Kuipers and Daléus 2008; Maestas, Atkeson, Croom and Bryant 2008; Hood 2011; Mortensen 2012), and delegate decision-making power to direct future blame to bureaucrats or lower levels of government (Aranson, Gellhorn and Robinson 1982; Fiorina 1982; Fiorina 1985; Riker 1985; Hood 2002; Fox and
This dissertation analyzes the latter strategy in depth, making two contributions to our understanding of delegation of power to shift blame. First, chapter 2 develops a new theoretical model of blame-shifting delegation that yields empirically testable hypotheses. Existing theoretical models suggest several ways in which incumbents can avoid responsibility for unfavorable policy outcomes by delegating power, although it is difficult to test hypotheses from them (Fiorina 1982; Fiorina 1985; Fox and Jordan 2011). I build a more realistic theory based on recent observational and experimental findings that show diminishing clarity of responsibility is the primary mechanism by which delegation shifts blame for policy outcomes (Fershtman and Gneezy 2001; Hamman, Loewenstein and Weber 2010; Coffman 2011; Bartling and Fischbacher 2012). The result is a model of how incumbents choose to delegate or legislate depending on how voters assign blame for eventual policy outcomes. The findings lead to testable hypotheses and show how blame shifting delegation is possible even when voters know that incumbents may prefer and even choose policies voters like less than those offered by electoral challengers. This result is supported by simulation experiments showing that alternative decision rules for voters, which would prevent blame-shifting, yield less favorable policy outcomes on average.

The second major contribution of this dissertation is found in chapters 3 and 4, where I test key hypotheses derived from the theoretical model. These present the first systematic evidence of blame shifting in a large, cross-national analysis of policy making in modern democracies. Chapter 3 examines how corruption and political control of bureaucrats can turn delegation into a means to diminish political responsibility for policy. Political science has been perennially concerned with why political leaders delegate authority to bureaucrats, but this work has largely focused on advanced
democracies. This chapter extends this research to ten former communist European Union member states in Central and Eastern Europe, arguing that two characteristic features of the transition to democracy, namely corruption and political manipulation of the public administration, create the conditions for blame-shifting delegation. I show that political-level corruption is associated with increased delegation to bureaucrats when political control of the public administration is stronger, across a sample of thousands of policies passed in the run-up to accession to the European Union.

Chapter 4 applies the theory from chapter 2 to understand how policy making by coalition governments changes over time. Making policy in coalition requires a balancing between parties' need to cooperate with governing partners and their needs to deliver policies that please their own voters. This chapter provides evidence that parties in coalition delegate more policy making to ministers early on in coalition governments and argues that this is meant to reduce clarity of responsibility about compromise policies. Since politicians attempting to shift blame must rely on delegation to allied bureaucrats, I argue that coalition parties attempting to avoid angering voters by making compromises with governing partners will delegate to ministers of their partnering parties (i.e. the chief bureaucrats in their respective policy domains). As time passes, and the expected continuing duration of the coalition decreases, delegating to ministers increases the risk of policy drift and so coalition parties delegate less and use more legislative and cabinet-level policy instruments. In a large sample of coalition government policy making from 1986 to 2008 in several Western European democracies, I show that as time passes coalitions increasingly rely on primary legislation and cabinet decrees, shifting away from policy tools that increase ministerial discretion. Furthermore, a separate analysis of policy making by single-party governments shows, in contrast, no evidence of such changes in policy making by
these governments.

Together, these works fill a major gap in the literature on blame shifting and in our understanding of the institutional determinants of policy outcomes and quality of government. A more fully specified theory of blame-shifting delegation has been needed for decades. Furthermore, the empirical evidence provided here constitutes the first large-N empirical evidence that such blame-shifting strategies are used in modern democracies. Along the way, the empirical findings also contribute to our understanding of how the dynamics of coalition government and the cabinet’s policy prerogatives in parliamentary democracies affect opportunities for corruption, voters’ awareness of coalition government compromises, the transparency of the policy-making process, and political control of policy outcomes.
Minimizing blame for bad policy outcomes and claiming credit for good ones is a constant concern for politicians. The aim of reelection means incumbents prefer to distance themselves from responsibility for policies that will be unpopular. For this reason, delegating power to bureaucrats has long been suspected of letting incumbents avoid responsibility for policies voters do not prefer (Aranson, Gellhorn and Robinson 1982; Fiorina 1982; Fiorina 1985; Riker 1985; Hood 2002; Fox and Jordan 2011; Hood 2011). The story goes that delegating impedes voters’ ability to lay blame for unfavorable outcomes for one of several possible reasons: it sends an unclear signal of incumbents’ intentions, it inserts additional decision makers into the policy process, or perhaps it reduces the transparency of the process. As a result, it is less obvious to voters that incumbents are responsible for delegated policies than for policies legislated directly. Since bureaucrats must always have some capacity for independent action, official political control over bureaucrats is not enough by itself to prevent blame-shifting altogether (Fox and Jordan 2011).

The blame-shifting hypothesis implies that the means of making policy has the potential to subvert democratic accountability. It also implies that the choice to delegate can be strategic for reasons unrelated to politicians’ agency relationship with bureaucrats, which is the standard focus of the larger literature on delegation (Bawn 1995; Brehm and Gates 1997; Epstein and O’Halloran 1999; Ting 2002; Gailmard 2002; Huber and Shipan 2002; Ting 2003). Despite the stark implications, empirical
evidence that blame-shifting delegation occurs in modern democracies is not currently available. I argue that this activity does, indeed, occur, but the lack of evidence is attributable in part to the need for a stronger theory of blame-shifting delegation. Since this is a hidden activity, our theory of the process is crucial to our ability to devise empirical tests.

This chapter presents a theory of how reelection-motivated politicians can subvert democratic accountability, under the right circumstances, by delegating power to obfuscate their responsibility for policy outcomes. I demonstrate this result with a more realistic model than previous work, considering strategic action by incumbents, bureaucrats, and voters. The value added by the additional complexity includes: hypotheses testable in a variety of circumstances, an understanding of how blame-shifting delegation is conditional on voter strategies, and a framework based on performance accountability and clarity of responsibility. The resulting model predicts blame-shifting delegation under limited circumstances, even when voters adopt an effective strategy for selecting candidates at elections. The right political circumstances exist when incumbents and bureaucrats agree on wanting a policy voters do not prefer, compared to the incumbent’s challenger. Thus, incumbents would risk their reelection by legislating it. As long as incumbents have more information about the policy-making process than voters have, delegating can diminish the responsibility voters assign to them for unfavorable policy outcomes.

A crucial question for blame-shifting theories is why voters would fall for the ruse of blame-shifting delegation. Previous work answers this by assuming voters have limited information about the policy-making process (Fiorina 1982; Fiorina 1985) or about policy outcomes (Fox and Jordan 2011; Hood 2011). I show blame-shifting delegation is possible when voters have more information: directly observing and
understanding both delegation and policy outcomes. I assume that voters are, instead, uncertain about what portion of the blame or credit for outcomes belongs to incumbents, bureaucrats, or random chance. Voters, in my model, deal with this uncertainty by adopting a decision rule translating their limited information into a decision about whether or not to support incumbents in an election. I probe the impact of several different voting strategies, demonstrating the different behavior we would predict from incumbents facing voters who read between the lines when observing delegation and those facing voters who simply set standards of performance or adopt naïve heuristics about the policy process. Considering voters who are thoughtful about the division of responsibility between incumbents and bureaucrats is an important step forward for this area. Doing so also reveals that diminishing clarity of responsibility is the by which incumbents can occasionally hide behind delegated authority.

In what follows, I formalize a model of bureaucratic delegation that makes predictions in agreement with previous theories and empirical work, but starts from the assumption that voters observe and care chiefly about policy outcomes but are uncertain about responsibility for those outcomes. This complicates the model relative to previous work, but helps in deriving empirically testable hypotheses and allows us to probe the model for brittleness stemming from assumptions about how voters make decisions. My proposed model of voter decision making draws on recent empirical and theoretical insights on blame-attribution, and assumes that voters treat policy outcomes as a signal-extraction problem, allocating incumbents blame for outcomes depending on the uncertainty basic to policy making and incumbents’ influence over decisions. I also analyze the model using alternative rules for voter decision making and compare the results to show that, although a signal-extraction approach is the
only one that allows incumbents to shift blame, on the whole it yields higher welfare for voters than other approaches to making voting decisions. All results are derived via simulation methods and probed for robustness under a comprehensive set of input values.¹

**LITERATURE**

I argue that delegation to bureaucrats diminishes clarity of responsibility by alienating decision-making power from the politicians in office to the bureaucracy. Clarity of responsibility has been measured in many ways, but all of them emphasize the fact that when decision-making power is shared then blame is less clearly centered on incumbents. Coalition governments share power among many parties (Powell and Whitten 1993; Bengtsson 2004; Duch and Stevenson 2008), diminishing clarity of responsibility for any given member of the government. An incumbent party’s share of seats in parliament or in the cabinet (Anderson 2000; Nadeau, Niemi and Yoshinaka 2002; Bengtsson 2004), the presence of many parties in parliament (Nadeau, Niemi and Yoshinaka 2002), and opposition influence on policy (Powell and Whitten 1993) can mean that incumbents are not the only actors in parliament responsible for policy choices. Multilevel government (Anderson 2006), bicameral opposition (Powell and Whitten 1993), and election timing in presidential systems (Samuels 2004; Hellwig and Samuels 2008) spread accountability for outcomes across two or more government institutions. Reduced stability of parliamentary governments or reduced time in office (Nadeau, Niemi and Yoshinaka 2002; Bengtsson 2004) and reduced party or government cohesion (Powell and Whitten 1993; Nadeau, Niemi and Yoshinaka 2002)

¹Software for running the model to recreate the exact results reported here or to probe the model further for robustness to starting conditions will be available on the author’s website.
make it more difficult for incumbents to implement coherent policies and therefore make it less clear that incumbents are responsible for outcomes.

Assigning responsibility for the outcomes of delegated decisions is notoriously challenging. Survey research shows that voters in modern democracies have difficulty and various biases in attributing responsibility to the right public authorities for policy and economic outcomes (Johns 2011; León 2011; Hobolt, Tilley and Banducci 2012; Caplan et al. 2013; Fortunato and Stevenson 2013b; Hobolt and Tilley 2014). Even participants in experimental studies often assign blame in biased or arguably incorrect portions when observing decision makers delegate or use other forms of intermediation (Fershtman and Gneezy 2001; Hamman, Loewenstein and Weber 2010; Coffman 2011; Bartling and Fischbacher 2012). These results are particularly important because experiments even uncover biased blame assignment when information about delegation is common knowledge, outcomes are certain, and participants are aware they have incongruent preferences with decision makers. Using an intermediary can succeed in shifting blame because it obfuscates the original decision maker’s responsibility for the ultimate outcome (Bartling and Fischbacher 2012).

Previous theories of how politicians delegate to bureaucrats to avoid responsibility do not emphasize clarity of responsibility as the mechanism behind blame-shifting delegation. Although Fiorina underscores the alienation of decision-making power to bureaucrats, it is equally important in that model that voters are largely ignorant of politicians’ delegation prerogatives (1982; 1985). In Fox and Jordan’s (2011) model, delegation is a signal voters use to learn about whether incumbents have preferences congruent with their own. Congruent politicians might delegate to get expert advice from bureaucrats, while those with incongruent preferences might delegate so bureaucrats will pass a policy they want and which voters dislike. Upon observing delegated
policies they dislike, voters cannot assign zero probability to the politician being a good congruent type. Thus, incongruent politicians might still get reelected if they delegate. Voters in that model are concerned with and uncertain about politicians’ preferences (i.e. type) and not about whom they should blame for an observed policy. Almendares (2012) models a situation that is similar to this in many ways. Voters are uninformed about politicians’ and bureaucrats’ preferences and only observe delegation when politicians do not later sanction bureaucrats for their choices. Voters in his model are always indifferent about their vote choice, only using reelection to motivate politicians to choose policies that are likely to be successful.

The model I present in the following section makes four contributions to our theoretical understanding of blame-shifting delegation. First, I show that blame-shifting delegation can succeed because incumbents leave policy making to bureaucrats in order to diminish clarity of responsibility. Second, following the experimental work on blame and delegation, I model voters who are more knowledgeable than those in previous theories (Fiorina 1982; Fiorina 1985; Fox and Jordan 2011). I assume voters know when delegation occurs, can estimate the amount of responsibility incumbents bear for outcomes, and understand that any politician does not necessarily share their preferences. Third, I explicitly model how voters use the information available to them and probe this assumption for its impact on the results of the model. Finally, the added detail yields a more realistic model that allows me to derive hypotheses that are testable in numerous real-world settings. The model provides expectations about politicians’ delegation decisions as function of: voters’ decision-making strategy, the quality of the political opposition, the technical uncertainty of the policy in question, and the preferences of politicians and bureaucrats.

I push forward our theoretical understanding of blame-shifting delegation with
a model describing when politicians delegate, in which bureaucrats and voters both make strategic decisions and voters monitor policy outcomes instead of policy choices. This set-up provides hypotheses that speak more directly to observational data, although it requires complicating assumptions relative to previous work.

MODEL

I model a single policy-making instance, followed by an election. Let the policy outcome at time $t$ be denoted by $\mu_t$, a point in a one-dimensional policy space. This is a function of the current status quo, $\mu_{t-1}$, the policy change in time $t$, $c_t$, and a random shock, $\epsilon_t$. Thus, $\mu_t = \mu_{t-1} + c_t + \epsilon_t$. Let $P$ denote the incumbent politician, $B$ the bureaucrat to whom the incumbent might delegate, and $\tau$ the challenger in the election. $P$ will either set $c_t$ directly through legislation, or she will delegate to $B$ who will set $c_t$ through bureaucratic policy. After $c_t$ is set, the value of $\epsilon_t$ is realized, and the voter observes $\mu_t$ before deciding whether to reelect $P$ or support $\tau$ instead.

The incumbent cares about reelection and policy outcomes. $P$’s policy preferences are not absolute. Instead, they reflect the best outcome for the incumbent in a particular policy-making period, depending on incidental political circumstances. Let this current best outcome policy be called, $P_t$, which is a realization of $P_t \sim \mathcal{N}((c_{t-1} + \mu_{t-2}), \sigma_P^2)$, a distribution centered over the incumbent’s most recent policy choice with known variance.² $P$’s utility for different policy outcomes is expressed as a quadratic loss function. Let $s$ denote an indicator for whether the voter supports the incumbent in time $t$, and $\delta$ the value of the voter’s support for their reelection.

---

²As an illustration of how this works, imagine a status quo, $\mu_{t-1}$, of 10. Suppose $P_t = 15$, and the incumbent chooses a policy implementing this. Then, $c_t = 5$. If $\epsilon_t = -1$, then the final policy outcome, $\mu_t$, will be 14, and $P$’s policy preference in the next period is centered around 15.
Combining this additively with $P$’s utility from policy yields the following utility function:

$$u_{p,t} = - (\mu_t - P_t)^2 + \delta s$$

Incumbents have complete, but imperfect, information. They are only ignorant of the value of the random shock, $\epsilon_t$, when making policy. This comes in two types: $\epsilon_{\text{law},t}$ or $\epsilon_{\text{bur},t}$, for legislated and delegated policy, respectively. With regard to these, $P$ knows only the distributions of potential shocks: that both are normal and centered at zero with variances $\sigma_{\text{law}}^2$ and $\sigma_{\text{bur}}^2$, respectively. It is always the case that $\sigma_{\text{law}}^2 > \sigma_{\text{bur}}^2$, thus shocks are smaller, on average, for bureaucratic policy than for laws. This assumption encodes the idea of bureaucratic expertise: the outcomes of policy are more certain when bureaucrats are involved. $P$ maximizes her expected utility by choosing between changing policy through legislation (selecting some movement along the real line relative to the status quo, designated $c_{p,t}$) or by delegating the decision to $B$.

Bureaucrats, $B$, also derive utility from policy outcomes, and are constrained by a known level of political oversight. Let $\gamma \in [0,1]$ indicate the current strength of bureaucratic control in this political system, which is common knowledge. Let $B_t$ denote $B$’s preferred placement of policy in a given period. Again, this preference is not absolute, but is a realization of the bureaucrats’ current circumstances. Let $B_t$ be a realization of $B_t \sim \mathcal{N}(\mu_{t-1}, \sigma_{B,t}^2)$, thus the bureaucrat’s preferences are distributed around the status quo policy with a variance that is common knowledge.$^3$ $B$’s utility

$^3$The placement of this distribution is only substantively meaningful in that bureaucrats generally support the status quo. A number of alternative assumptions might be explored. Any placement near the status quo, relative to $\sigma_{B,t}^2$, does not greatly alter the results reported here.
function is written as:

\[
    u_{b,t} = -(1 - \gamma)(\mu_t - B_t)^2 - \gamma(\mu_t - P_t)^2
\]

Voters have monotonically increasing preferences for more of the policy in question: e.g. efficiency, ideological congruence, a cleaner environment, defense spending, safety, welfare benefits, etc. This is common knowledge to all. Voters derive utility solely from policy outcomes. Their utility function in time \( t \) is simply:

\[
    u_{v,t} = \mu_t
\]

Voters maximize their expected utility in the next period, \( E[\mu_{t+1}] \), by choosing between the incumbent, \( P \), or the challenger, \( \tau \), in an election. The value of \( \tau \) is a summary of the challenger’s credibility and quality, which voters take as the challenger’s policy record and use to form an expectation of \( \mu_{t+1} \) if the challenger is elected. This is common knowledge and determined by nature at the start of time \( t \). On the other hand, \( P \)'s policy choice in time \( t \) (either delegated or legislated) is not observed directly by voters. They see only the outcome: \( \mu_t \). Since the incumbent’s policy choices are correlated with their past reputation, observed outcomes can be an indicator of \( \mu_{t+1} \). However, the incumbent’s policy choice, \( c_t \), is always hidden from voters.

\footnote{Note that I denote policy choices in many places in this section with a generic \( c_t \), without specifying whether policy was legislated or delegated. This notational choice is only used where the distinction is unimportant to the discussion. Wherever the distinction is relevant for voter decision making, the more specific notation of \( c_{p,t} \), for legislated policy, or \( c_{b,t} \), for delegated policy, is used.}
Since voters derive utility only from policy outcomes, the key quantity to consider when voting for the incumbent is the voter’s expected utility from the incumbent remaining in office next period: \( E[u_{v,t+1}(s = 1)] \). They compare this to the expected utility of supporting, instead, the challenger: \( E[u_{v,t+1}(s = 0)] \). When \( E[u_{v,t+1}(s = 1)] \geq E[u_{v,t+1}(s = 0)] \), voters support the incumbent, and they support the challenger otherwise.

I turn now to elaborating how voters make decisions at elections. The specification of a decision rule for voters is the most important assumption of this model and the most under-analyzed feature in most theories of political decision making resting on electoral considerations. Incumbents’ choices must rely on a conjecture about voter decision making. The choice of such a conjecture is an assumption because there is little so far in the model to motivate the choice of a best strategy for vote choice. For this reason, I probe the impact of this choice by comparing its performance to alternatives. I begin by laying out my proposed version of voters’ strategy, and then I present an additional two plausible conjectures for comparison. Each of the three rules implies a different optimal strategy for incumbents to pursue in response.

I assume that voters attempt to learn from \( \mu_t \) in order to estimate \( c_t \). Voters have several pieces of information about policy making which they can use to do so. \( P \)'s preference is correlated with her policy record, \( c_{t-1} \), which becomes common knowledge after each election. Therefore, voters’ best guess about an incumbent’s preferred policy outcome in a given period is their past record. This changes with evolving political circumstances, but positions nearer the incumbent’s record are likelier than positions farther away. Variation in the political environment determining the incumbent’s and bureaucrat’s preferences in time \( t \) is also common knowledge: \( \sigma^2_{P,t} \) and \( \sigma^2_{B,t} \). \( B \)'s preference is centered at \( \mu_{t-1} \) and influenced by \( \gamma \), both which are
common knowledge.

In short, I propose that voters treat the observed value of $\mu_t$ as a noisy signal of incumbent performance. Voters attempt to extract from that signal the right amount of blame or credit due incumbents, given the information at hand. They vote for the incumbent (i.e. set $s = 1$) whenever $\tau < (\mu_t - \mu_{t-1}) \times (\% \text{ of incumbent's responsibility})$.\(^5\)

Voters’ strategies rest on their own internal model of the policy making process. Because they make their decision with incomplete information about incumbents and bureaucrats, a decision-making strategy is a rule for using the limited information available to calculate the utility of supporting the incumbent over the challenger. The model of policy making I propose is that voters assume that incumbents’ actions reflect their preferences. That is, incumbents’ action next period will conform to their preference next period, $P_{t+1}$, and voters can use all of their available information to estimate what part of $\mu_t - \mu_{t-1}$ is the fault of the incumbent.

Appendix A derives the exact mathematical representation of the percentage of the incumbent’s responsibility for policy outcomes. For purposes of discussion, it is sufficient to note that the voter’s knowledge of the variances of shocks and preferences allows for an informed estimate of the incumbent’s share of blame for any policy outcome. This estimate depends on whether policy is legislated or delegated. Given the value of $\mu_t$, voters can factor out the status quo, $\mu_{t-1}$, and incumbents’ record, $c_{t-1}$, to isolate just the change in policy in period $t$ attributable to current actions. Some non-zero share of this change is the work of the incumbent, and the rest is the result of random shocks and, if policy is delegated, the bureaucrat. For delegated policy, voters use the strength of political control, $\gamma$, to partition blame between incumbents and bureaucrats. Thus, I assume that voters understand incumbents

\(^5\)See appendix A for full details.
influence the choice of bureaucratic policy even though it is officially delegated.

Incumbents’ share of responsibility for policy outcomes can increase or decrease by delegating, rather than legislating. This depends on the extent of political control of bureaucrats and the variances of shocks. I will show in detail in the following sections that, when incumbents’ share of blame decreases when delegating, incumbents who are less preferred to the challenger can sometimes delegate to bureaucrats to hide their under-performance from voters.

I probe the assumption that voters treat performance as a signal-extraction problem by examining the model under two alternative decision rules that treat outcomes as if they were direct indicators of future performance. Blame-shifting delegation only occurs when voters try to extract a signal from performance, but it turns out that adopting purely outcome-based rules leads to worse aggregate outcomes for voters.

The game begins with nature choosing the quality of the challenger, $\tau$, and the preferred policy outcomes of incumbents and bureaucrats, $P_t$ and $B_t$. The value of $\tau$ is known to all, but $P_t$ and $B_t$ are unknown to voters except for their respective distributions. Next, incumbents choose to legislate policy themselves or to delegate to bureaucrats. If legislating, incumbents choose some movement along the real line relative to the status quo, denoted $c_{p,t}$. If delegating, bureaucrats choose some movement along the real line relative to the status quo, denoted $c_{b,t}$. Then, a random shock impacts the outcome. Shocks to bureaucratic policy are smaller, on average, than those to laws.\footnote{When policy is legislated, $c_t + \epsilon_t$ is the policy chosen by the incumbent plus a random shock associated with laws, $c_{p,t} + \epsilon_{law,t}$. In the case of delegated policy, this is, $c_{b,t} + \epsilon_{bur,t}$. Random shocks are assumed to have the following characteristics:
\[
\begin{align*}
\epsilon_{law,t} & \sim N(0, \sigma_{law}^2) \\
\epsilon_{bur,t} & \sim N(0, \sigma_{bur}^2) \\
\text{with, } \sigma_{law}^2 & > \sigma_{bur}^2
\end{align*}
\]}

Finally, voters observe the policy outcome, $\mu_t$, and elect either
In the next section, I use a series of simulations to solve the game for subgame perfect equilibria under different voting rules and then compare voter welfare and other system outcomes under my preferred assumption about voter decision making to two alternative assumptions. The alternative rules are simpler, less cognitively-demanding means by which voters can use some of their available information to decide between incumbents and challengers. First, I consider a rule in which voters naively assume that $\mu_t + (\mu_t - \mu_{t-1}) = E[u_{v,t+1}(s = 1)]$, and vote for the incumbent whenever $\tau < (\mu_t - \mu_{t-1})$. That is, voters ignore completely the process by which policy is made and vote based on outcomes. Second, I consider what happens if voters set a threshold for policy (say, $x$) and vote against incumbents whenever $x > (\mu_t - \mu_{t-1})$. Importantly, blame-shifting delegation is impossible under either of these alternative rules, since both ignore the policy-making process.

Each simulation repeats the cycle of policy making followed by elections several thousand times, with the status quo in each round replaced by the policy outcome of the previous and the incumbent’s record in office equal to their policy choice last taken. When incumbents lose elections, they are replaced by challengers whose quality, $\tau$, (policy promises, expectations, experience, etc.) is treated as their past record. To see how outcomes evolve over time, I compare outcomes following thousands of repetitions of the stage game under each decision rule. Tracking the evolution of outcomes over time in this way will give us some idea of how different conjectures about voter behavior alter actors’ long-term utility from the game. These long-run implications of voters’ decision rules will support the decision to analyze my preferred
model for the conditions underlying blame-shifting delegation. The analysis proceeds in two steps. First, I simulate the long-run performance of each decision rule, given the corresponding strategy adopted by incumbents. This will narrow our focus to an optimal strategy for voters from among our set of three initial conjectures. Secondly, I then more closely analyze the game under this optimal voting decision rule for equilibrium strategies and consider their implications for performance accountability.

Methods

In the next sections I present results from simulation experiments examining the model described here. For the repeated game, simulation is the most effective method of exploring the evolution of equilibrium outcomes over time as a function of voters’ different decision rules. Since I have assumed that incumbents’ preferences are correlated with their past policy record, outcomes will be correlated over time and simulations will be the most effective means of probing exactly what this implies for long-run outcomes. Computational methods also hold advantages for the analysis of the stage game since they aid in exploring the brittleness of results given assumptions and relating the large parameter space to the large number of equilibrium outcomes. The model is first run using each of the three voter decision rules, and each run consists of 100,000 iterations. Each iteration is a single subgame perfect equilibrium of the model, conditional on starting conditions. Simulations are conducted using the R programming language (R Core Team 2013), with all starting conditions not taken from the previous iteration randomly drawn from their respective supports.\(^7\)

\(^7\)The support of the variance parameters are technically unconstrained at the upper bound. For the simulations, I draw these from uniform distributions constrained at an upper bound of ten
full summary of the support of all parameters, including starting conditions, see table B.1. All optimizations are performed via constrained numerical optimization.

Solutions to each simulated iteration of the model proceed by backward induction from the voter’s decision rule for when to support the incumbent. From there, I determine the bureaucrat’s optimal decision about the placement of policy if it were delegated. Finally, I solve for the incumbent’s optimal choice of the placement of policy if it were legislated, and then determine the incumbent’s optimal decision between legislating or delegating. This algorithmic approach ensures subgame perfection.

Following the simulation experiments used to motivate the proposed conjecture about voters’ decision rule, there remains the task of considering equilibrium outcomes in the basic stage game under the optimal voter decision rule. For this task, I perform a full grid search over the five key parameters in the model ($\gamma$, $\delta$, $\tau$, the share of incumbent’s responsibility when legislating, and the share of incumbent’s responsibility when delegating) to derive comparative statics. I present graphical and numerical results from all simulations, and provide evidence in appendix B detailing the degree to which all simulations probe the full feature space of the game and therefore can inform us about the brittleness of the equilibrium outcomes presented.

---

for incumbents’ and bureaucrats’ preference variance and the variance of shocks to bureaucratic policy. The variance of shocks to laws is constrained at the lower bound by the variance of shocks to bureaucratic policy and at the upper bound by ten times the variance of shocks to bureaucratic policy. The constraints serve two purposes. First, extreme values of the variance parameters, relative to the other parameters in the model represent uninteresting cases for this analysis. Second, the importance of the variance parameters is their role in clarifying or hiding incumbents’ blame for policy outcomes. For this reason, I present scatter plot matrices in appendix B showing how the full [0,1] range of the blame-apportionment expressions is represented for all values of the other parameters in the model.

8All expected utility functions in this model are concave unimodal functions. I use the \texttt{optimize()} function with an interval of 200 centered over the status quo policy. This function uses a combination of golden section search and successive parabolic interpolation designed for use with continuous functions. Replications on several random samples show that the optima discovered via constrained optimization match those found using unconstrained BFGS.
Finally, code for reproducing the simulation experiments described here will be provided on the web for interested readers to reproduce these findings and to probe the model further.

**RESULTS OF SIMULATION EXPERIMENTS**

As an initial summary of results, table 2.1 lists summary statistics from aggregate results observed from each model. These results have been normalized so that the status quo in each period equals zero to ease interpretation. These findings show strong positive signs for the utility of voters adopting a signal extraction approach to interpreting policy outcomes. Rule one corresponds to my preferred signal-extraction decision rule, rule two to the naive assumption that policy choices this period will attain again next period, and rule three to voters’ decision to set a bar for incumbent performance. Detailed descriptions of these and their implications for incumbents’ strategic behavior are described in appendix A.

“Negative outcomes” notes the proportion of model iterations in which policy outcomes were lower than the status quo. “Legislating” shows the proportion of iterations in which incumbents legislated rather than delegated. “Reelections” is the proportion of iterations in which the incumbent was reelected. The final two categories of “unfair ousters” and “wrong reelections” are defined by the policy choice of the incumbent relative to the quality of the challenger. Unfair ousters are those in which the incumbent loses despite outperforming the challenger, and the percentage is relative to the number of times the incumbent was voted out. These are not only bad outcomes for the incumbent, but also for the voter since the new incumbent has a lower performance record than otherwise would have been achieved. Wrong
Table 2.1: Aggregate model results after 100K iterations

<table>
<thead>
<tr>
<th></th>
<th>Rule 1 Signal Extraction</th>
<th>Rule 2 Naïve Assumption</th>
<th>Rule 3 Set a Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Averaged over all iterations:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>voter utility</td>
<td>0.48</td>
<td>0.22</td>
<td>-0.11</td>
</tr>
<tr>
<td>incumbent utility</td>
<td>3.87</td>
<td>3.6</td>
<td>0</td>
</tr>
<tr>
<td>incumbent preference</td>
<td>0.43</td>
<td>-0.12</td>
<td>-0.66</td>
</tr>
<tr>
<td><strong>As % of all iterations:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>negative outcomes</td>
<td>44.98%</td>
<td>47.80%</td>
<td>50.76%</td>
</tr>
<tr>
<td>legislating</td>
<td>15.10%</td>
<td>16.73%</td>
<td>19.08%</td>
</tr>
<tr>
<td>reelections</td>
<td>53.46%</td>
<td>52.78%</td>
<td>38.38%</td>
</tr>
<tr>
<td><strong>As % of ousters:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>unfair ousters</td>
<td>22.70%</td>
<td>23.12%</td>
<td>34.45%</td>
</tr>
<tr>
<td><strong>As % of reelections:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>wrong reelections</td>
<td>14.02%</td>
<td>16.97%</td>
<td>27.19%</td>
</tr>
</tbody>
</table>

reelections are when a low performing incumbents is mistakenly reelected despite the availability of a relatively more attractive challenger - this percentage is the proportion of reelections which were mistaken.

Immediately, it is clear that rule one yields higher long-run utility for voters than either alternative. As we would expect from this, rule one also results in fewer negative outcomes. Interestingly, this rule also yields the highest reelection rate, the lowest percentage of unfair ousters, and the lowest rate of reelecting low-performing incumbents. Attempting to filter out the effects of random shocks helps voters more effectively select high-performing incumbents and weed out low-performing ones than they do under the other voting rules. The reason this results in higher voter utility can be found in the third line of table 2.1: incumbents’ preferences are higher under rule one. As voters select better candidates, those candidates are more likely to have preferences more closely in line with voters, and a virtuous cycle results.
To push this explanation a little further, consider that rule one does not appear to inspire more policy moderation on the part of incumbents. By moderation, I refer to the distance between an incumbent’s ideal policy and their chosen policy. As figure 2.1 demonstrates, moderation is not obviously more common under rule one than under the other two rules.

The figure plots incumbents’ preferences relative to the status quo against the deviation of policy choices from those preferences. Thus, it shows us how far the incumbent chose to place policy from her own preference. Points above the zero line are policy choices more favorable to voters than the incumbent prefers, and points below the line are choices less favorable to voters than the incumbent prefers. Why would incumbents ever choose a policy that is worse for voters than their own preference? This occurs only when incumbents delegate to bureaucrats. Sometimes

---

**Figure 2.1**: No difference in policy moderation across rules

Note: The x-axis plots the central range of incumbent preferences, relative to the status quo, observed in simulations. The y-axis plots the distance, positive or negative, of policy choices from that preference. This is a hexbin scatter plot. Large numbers of points are gathered into a limited number of bins, which are colored to represent the density of points in the respective space.
delegating, even when it results in lower policies, can be better for incumbents because bureaucratic policy in this model is assumed to be more predictable than legislation. This can make bureaucratic policy better for reelection and reduce the risk of more extreme outcomes.

Notice in figure 2.1 that positive moderation is concentrated around the region in which elections are most competitive. Since challenger quality is distributed normally around the status quo in the simulation experiments, when incumbents’ preferences are near the status quo (zero on the x-axis) they have the most to gain and the least to pay from moderating policy choices to improve their chances of reelection. Although rules one and two inspire moderation over a wider range of incumbent preferences, rule three actually has the highest average level of policy moderation across the three simulation experiments. This evidence, combined with the information in table 2.1, leads me to conclude that, rather than encouraging moderation, rule one improves voter welfare because it avoids both rejecting high-performing incumbents and selecting low-performing ones.

Given the long-run positive impact of treating policy outcomes as noisy signals of political performance, I examine rule one more closely in the next section for its equilibrium outcomes. I will show that the model predicts scenarios common to the study of bureaucratic delegation, and that, as a result of voters considering policy-making uncertainty when casting their votes, incumbents are sometimes able to delegate to avoid responsibility.
SIMULATED EQUILIBRIUM OUTCOMES

I begin this section by explaining the main result of the model: the conditions under which blame-shifting delegation is the equilibrium outcome. Then, I move on to unpacking various other scenarios predicted by the model and the starting conditions which underlie them. I close with comparative statics taken from a thorough grid search over the main parameters of the model.

The definition of blame-shifting delegation in this model carries several conditions. First, it only occurs when an incumbent delegates policy to achieve a policy closer to her own preference than the optimal choice of legislated policy. Second, the incumbent’s preferences and the placement of bureaucratic policy are both less attractive to voters than the challenger. Finally, the incumbent improves her probability of reelection by delegating because the share of blame attributed to incumbents is less under delegation than it would be under legislation. Figure 2.2 shows an example of such an equilibrium drawn from the simulation experiment. The colored densities indicate the a priori known distributions of the incumbent’s and bureaucrat’s preferences (blue for bureaucrats and red for incumbents). The actual realizations from these densities are parameters $P_t$ and $B_t$, indicated with arrows labeled “P” and “B” along the bottom of the plot. Challenger quality, $\tau$, is indicated with a green arrow.

The key condition for this equilibrium is something like the flip side of the ally principle - that is, incumbents and bureaucrats must agree on preferring a policy voters dislike. As the comparative statics will show, having an allied bureaucrat is more important for incumbents than having a large amount of political control over bureaucrats (i.e. a high $\gamma$). In fact, it is not always the case that clarity of responsibility is reduced by delegating. This depends on the extent of political control over bureaucrats. Clarity of responsibility, after all, is a function of the
ability to lay blame, and previous empirical and theoretical work suggests that when policy making power is concentrated with either the delegator or delegate then clarity increases (Duch and Stevenson 2008; León 2011). In the case of this model, the degree to which incumbents exert influence over bureaucrats determines this. To illustrate how the proportion of incumbents’ responsibility changes with political control, $\gamma$, I have plotted examples from a random sample of simulations.

Figure 2.3 shows all possible values of the responsibility signal from bureaucratic policy\textsuperscript{9} given different hypothetical values of political control. What we see is that responsibility is consistently least clear when responsibility is more evenly shared between incumbents and bureaucrats. These lines differ due to their different values

\textsuperscript{9}Recall that this is calculated as: $\frac{\sigma^2_{p,c} + \sigma^2_{b,c}(1-\gamma)^2}{\sigma^2_{p,c} + \sigma^2_{b,c}(1-\gamma)^2 + \sigma^2_{sur,t}}$
Figure 2.3: Proportion of political responsibility from delegating over political control ($\gamma$)

Note: Plot shows five thousand overlaid examples of the strength of the responsibility signal over the full range of gamma. Each simulation randomly resamples the size of the variance of incumbents’ and bureaucrats’ preferences and the variance of shocks to delegated policy from simulated iterations, then plots responsibility conditional on gamma.

of variances for incumbents’ and bureaucrats’ preferences and for the variance of shocks to bureaucratic policy. However, the trend is for the responsibility signal to reach its lowest point for values between $.4$ and $.6$, of $\gamma \in [0,1]$. Beyond this, the variance of shocks to bureaucratic policy, $\sigma_{bur}^2$, must be large relative to the variance of shocks to laws, $\sigma_{law}^2$. Since we have assumed that $\sigma_{bur}^2 < \sigma_{law}^2$, only a small minority of cases combine values of $\gamma$ with shock variances that allow clarify of responsibility to be smaller for bureaucratic policy than for legislation. In fact, only around 8% of simulation iterations have this feature.

Nevertheless, it is not necessarily the case that the rules of this simulation approximate reality - for example, $\sigma_{bur}^2$ captures the level of bureaucratic expertise so where this value is smaller expertise is greater. Although, as we have seen, blame-shifting is possible when bureaucratic expertise makes delegated policy more predictable than legislated policy, it is possible much more often when delegated policy is less predictable than legislation. This may account for one reason why incumbents delegate to bureaucrats in systems with low bureaucratic capacity. If bureaucratic expertise
is low, then delegated policy is less predictable and effective, but it also more often allows incumbents to hide their activities.

Having determined that blame-shifting delegation occurs, and that the voter decision rule which makes it possible produces better long-run outcomes for voters in a large set of simulation experiments, one final concern is that this model makes substantively meaningful predictions in accord with previous theoretical and empirical work. To probe this, I examine the other equilibrium outcomes from the simulation experiment, beginning with other delegation equilibria. Politicians normally can gain three advantages from delegating: first, delegated policy may be nearer their preference than their best choice legislation; second, delegation can increase the probability of reelection; and third, delegated policy can make policy outcomes more predictable by reducing the risk of large shocks.

Equilibrium outcomes in which incumbents gain all three benefits, but are not engaging in blame-shifting account for around 8% of simulation outcomes. I refer to these as delegation according to the classic ally principle. Figure 2.4a shows an example. However, most equilibrium outcomes in the simulation experiment (around 75%) are cases in which incumbents delegate to achieve one or both of the latter two benefits. I subdivide these in two categories. First, there are cases in which delegation results in a policy choice more distant from the incumbent’s preference than the best choice legislation, but that policy is more predictable and results in a higher chance of reelection. These cases of delegating for bureaucratic expertise even though it requires some policy concessions make up around 35% of outcomes, as seen in figure 2.4b. Second, around 40% of all outcomes can be thought of as delegation purely for policy expertise. In these cases, delegation does not achieve a policy nearer the incumbent’s preference, nor does it make reelection more likely. However, it does
make policy more predictable, and in these cases risk-aversion provides a motive to delegate despite the downsides.

Figure 2.4: Various delegation equilibria (actual simulated outcomes)
Note: Blue and red densities show the known distributions of the bureaucrat’s and incumbent’s preferences, respectively. Arrows along the bottom indicate the actual locations of both preferences and challenger quality, \( \tau \). The solid vertical line is the bureaucrat’s placement of policy, while the dotted vertical line is the status quo. The density marked with a light dashed line shows possible shocks to delegated policy.

Around 15% of simulation iterations see incumbents legislating directly. Many of these cases occur when incumbents have extreme preferences. For example, figure 2.5c shows a situation in which the incumbent prefers policy so low in relation to the challenger that the cost of setting a policy good enough to stay in office is far greater than the value of reelection. Similar outcomes make up around 2% of simulations. Another 9% of simulation iterations see incumbents passing laws voters prefer to the challenger’s offer, some because they prefer higher policies and some because they are motivated to ensure their reelection and bureaucrats cannot be trusted to pass sufficiently strong policies. These are the cases of better-qualified, figure 2.5a, or strongly motivated incumbents, figure 2.5b.
Figure 2.5: Various legislation equilibria (actual simulated outcomes)

Note: The red density shows the known distribution of incumbent preferences. Arrows along the bottom indicate the actual locations of both preferences and challenger quality, $\tau$. The solid vertical line is the incumbent’s placement of policy, while the dotted vertical line is the status quo. The density marked with a light dashed line shows possible shocks to laws.

The remaining approximately 5% of results from the simulation experiments are a collection of cases similar to the categories mentioned here, but which do not fall distinctly into one or the other. I turn now to comparative statics.

**Comparative Statics**

I focus on five parameters in deriving comparative statics for the blame-shifting equilibrium: challenger quality, the value of voter support, the level of bureaucratic con-
trol, and the responsibility signals for legislation and delegation. Since each parameter’s base values can be bounded on an interval between zero and one, I explore their joint space by solving the game for every permutation of a grid of 20 evenly spaced values in this interval for each parameter. The remaining parameters of the model are either calculated from these grid values (only variances of delegated and legislated policy, \( \sigma_{\text{bur},t}^2 \) and \( \sigma_{\text{law},t}^2 \) respectively) or fixed at their modal values from cases of the blame shifting equilibrium in the simulation experiment.

Figure 2.6 shows the key results from the grid search. Panel 2.6a shows that blame-shifting only occurs at low values of challenger quality, \( \tau \), and political control of bureaucrats, \( \gamma \). This is expected, as very high levels of bureaucratic control make political responsibility for delegated policy more rather than less clear, seen in figure 2.3.

The shape in panel 2.6b is accounted for by the fact blame-shifting delegation is only possible when the responsibility signal from delegation is lower than that from legislation. The upper left corner of that plot is empty because permutations combining very low delegation responsibility and very high legislation responsibility were dropped because they result in impossible values of variance parameters (see figure B.4). Finally, panels 2.6c and 2.6d show the relationship of challenger quality and the legislation responsibility signal to the value of voter support, \( \delta \). Although blame-shifting equilibria occur at any level of the value of voter support, as this parameter increases in value it widens the range of both other parameters’ values for which blame-shifting can occur. Furthermore, a value of challenger quality equal to .5 indicates a challenger’s quality is right at the status quo policy. Plots 2.6a and 2.6c

---

10These are calculated for legislation as \( \frac{\sigma_{\text{law},t}^2}{\sigma_{\text{law},t}^2 + \sigma_{\text{bur},t}^2} \), and for delegation as \( \frac{\sigma_{\text{bur},t}^2 \gamma^2 + \sigma_{\text{law},t}^2 (1-\gamma)^2}{\sigma_{\text{bur},t}^2 \gamma^2 + \sigma_{\text{law},t}^2 (1-\gamma)^2 + \sigma_{\text{bur},t}^2} \).

11Unfortunately, certain permutations implying negative variance parameters must be dropped from the simulations. See appendix B for full details of feature space coverage.
show that blame-shifting only happens for challengers falling below the status quo or, at most, just better than it.

Figure 2.6: Graphical summaries of comparative statics
Note: Each axis in every panel covers a grid of twenty values along the zero-one interval. Shaded boxes indicate combinations of values for which at least one case of blame-shifting delegation is observed. Unshaded combinations of values never allow for any blame-shifting.
2.1 Hypotheses and Discussion

The motivation for this analysis has been to produce hypotheses for a theoretically motivated test of if and when democratic politicians engage in blame-shifting motivation. I now turn to this task. Equilibrium outcomes and comparative statics indicate that several theoretically meaningful and potentially measurable conditions can lead to increased delegation, potentially with the aim of shifting blame for poor policy outcomes. These hold for policies on which voters can plausibly be assumed to observe and care about outcomes, and under the assumption supported by experimental evidence, that voters try to gauge incumbents’ actual responsibility and do not simply vote based strictly on their observations or overly simple rules. With these conditions in mind, I propose the following set of testable hypotheses to guide future empirical tests for blame-shifting delegation:

**H1:** *As incumbents and bureaucrats agree more on policies voters dislike we should observe more delegation.*

**H2a:** *H1 is more/less likely to operate as delegated policy features less/more clarity of responsibility relative to legislated policy.*

**H2b:** *H1 is more/less likely to operate as publicly observable political control over bureaucrats diminishes/increases.*

**H3:** *H1 is more/less likely to operate as incumbents are increasingly/decreasingly motivated to seek reelection or to please a set of important voters.*

**H4:** *H1 is less/more likely to operate as the political opposition represents a more/less credible promise of progress on the relevant policy dimension.*
The analysis has shown that this model predicts a variety of familiar delegation strategies. In addition to blame-shifting, we have seen the ally-principle, the use of bureaucratic expertise even when not allies, the avoidance of delegation when bureaucrats are too distance ideologically, and others. Importantly, these results come from a model in which voters are strategic, albeit incompletely informed. The results support recent observational and experimental evidence that clarity of responsibility is the mechanism behind blame-shifting: incumbents must obfuscate responsibility, not necessarily actual actions. Thus, diminishing transparency or signaling preferences are less important to deflecting political responsibility than obscuring who is to blame for policy in this model. As in the lab, blame-shifting is out of the question when it is obvious that bureaucrats can only carry out incumbents’ wishes.

Given the abundance of information about the processes of policy making available to voters and interest groups, it is not hard to find situations in which voters, or at least interested groups which provide them information, plausibly observe and judge policy outcomes and have some information about the variance of shocks and preferences in the policy process. As long as this information is available, but there remains uncertainty over the exact intentions behind policy choices, we can study a variety of settings to learn about blame-shifting delegation. Given that the frequency of blame-shifting also depends on the extent of political control of bureaucrats and the variance of bureaucratic policy outcomes, features of bureaucracies clearly also determine the extent of blame-shifting that is possible.

At the cost of additional complexity, the present model demonstrates weaker theoretical conditions for blame-shifting delegation than previous formal work. In doing so, it opens up opportunities for empirical tests in many real settings. I turn in the next two chapters to empirical analyses meant to test three key hypotheses derived
from this model. In chapter 3 hypotheses 1 and 2b, while in chapter 4 I test hypothesis 1 in more detail.
Chapter 3

Deliberate Indiscr etion?
How Political Corruption Encourages Discretionary Policy Making

Theory-building and empirical research on bureaucratic delegation has largely focused on advanced democracies. Recent work has explained variation in the extent of delegation in different legislatures, for different kinds of policy, and over time (Drotning and Rothenberg 1999; Epstein and O’Halloran 1999; Potoski 1999; Huber, Shipan and Pfahler 2001; Huber and Shipan 2002; Ringquist, Worsham and Eisner 2003; Gilardi 2005; Melo, Pereira and Werneck 2010). Politicians in younger democracies, however, often face very different strategic environments than their counterparts in older ones. Specifically, it can be easier for politicians in these systems to misuse legislative prerogatives, such as the ability to grant discretionary power to the bureaucracy, in order to diminish clarity of responsibility and facilitate rent-seeking. This article develops and tests a theory of how politicians in such democracies can safely delegate to bureaucrats in order to shift blame for corruption.

Theory has long suggested bureaucratic delegation might allow politicians to avoid responsibility for policy voters dislike (Aranson, Gellhorn and Robinson 1982; Fiorina 1982; Fiorina 1985; Riker 1985; Hood 2002; Fox and Jordan 2011; Hood 2011). As chapter 2 reviewed, giving bureaucrats more discretion in making and implementing policy makes it more challenging for voters to lay blame for unfavorable outcomes or to infer politicians’ true preferences or competence. My theory argues that this
is because discretionary policy inserts additional decision makers into the process of producing and implementing policy who are not directly accountable to voters. When outcomes are unfavorable, it is less obvious that politicians are to blame than it would be if politicians were solely responsible for outcomes. According to my theory and previous work, even the fact that politicians officially control bureaucrats may not be enough to prevent this confusion since bureaucrats must always have at least some capacity for independent action (Fox and Jordan 2011).

Despite these ideas' long history and some intuitive appeal, empirical evidence that politicians delegate to shift blame has been slow to accumulate (Hood 2002; Koppell 2003; Thatcher 2003). Furthermore, so far no empirical work in this area has dealt with the fact that politicians cannot delegate to bureaucrats (to shift blame or for any other purpose) without facing the familiar problem of incurring agency risk of their own. Although a routine part of policy making in modern democracies, delegation to bureaucrats creates a dilemma. Policy discretion can be abused and politicians cannot hope to monitor everything bureaucrats do, so politicians must decide when it is safe to grant bureaucrats discretion to influence policy and when to expend costly time and effort to delegate less by giving bureaucrats detailed rules to follow (Bawn 1995; Huber and Shipan 2002). This is doubly important if politicians aim to delegate to achieve policies voters dislike. Under normal circumstances, politicians might discipline bureaucrats after the fact for implementing unfavorable policies, but disciplining ostensibly effective bureaucrats for failing to facilitate something unfavorable, like corruption, is a problematic public action. Thus, theoretical models, including my own, indicate that only when politicians and bureaucrats have similar preferences can politicians safely delegate to shift blame and avoid punishment from voters (Fox and Jordan 2011).
Political corruption’s general unpopularity and its negative impacts on the outcomes of public policy and economic performance (Méon and Sekkat 2005; Lambsdorff 2007; Aidt 2009) make it an attractive situation in which to avoid blame. Openly passing ostensibly corrupt policies not only puts politicians’ reelection at risk, but carries a possibility of legal penalties. Thus, I argue that politicians involved in corruption will reduce clarity of responsibility by delegating to bureaucrats when they are assured of informal control over bureaucratic policy. The results of the analysis indicate that this is largely the case. In countries with more politically manipulable bureaucracies, political corruption is associated with broader bureaucratic discretion. However, in countries in which politicians have less informal influence over bureaucrats there is a meager or even opposite statistical relationship between political corruption and bureaucratic discretion.

I provide empirical evidence that politicians in young democracies do appear to engage in delegation to avoid responsibility when they want to achieve policy outcomes voters do not prefer. This only takes place, however, where political corruption meets a politically manipulable bureaucracy – so that politicians’ and bureaucrats’ interests are aligned via informal political control. I examine this relationship across several years of policy making activity in the ten former communist European Union member states: Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia. These relatively new democracies include states with substantial differences in levels of political corruption and wide variation in the independence and professionalism of their respective public administrations (O’Dwyer 2006; Grzymala-Busse 2007; Meyer-Sahling 2008; Meyer-Sahling and Veen 2012). Nevertheless, these states share important similarities that make this a useful setting for an empirical test.
This chapter contributes to our understanding of political accountability, the strategic logic of bureaucratic delegation and the mechanisms of political corruption. Furthermore, the findings underscore the connection other scholars have found between political competition and the independence and quality of bureaucracy. Low levels of political competition have enabled politicians in some former communist EU states to keep public administrations politically weak and dependent (O’Dwyer 2006; Grzymała-Busse 2007; Spendzharova 2008; Lonean 2012). I find evidence that this trend has wider importance than previously recognized because politically dependent bureaucrats in turn enable politicians involved in corruption to dodge electoral accountability. This has the potential to further damage the functioning of political competition and may contribute to a cycle in which electorally unaccountable parties have an unchecked capacity for state exploitation.

My arguments lead to a further implication, support for which should strengthen confidence in this story. Politicians engaged in corruption delegate power to bureaucrats when they can control outcomes informally, but bureaucratic-level corruption may cause policy outcomes drift from politicians’ preferences. This should discourage delegation just as other forms of bureaucratic drift. The empirical analysis confirms that bureaucratic corruption is related to reduced delegation even as political corruption is associated with more.

In the next section, I briefly review what we know about the political factors influencing bureaucratic delegation in developed, Western democracies and the development of theories of delegation to shift blame. I then introduce my argument about how political corruption encourages delegation and how it depends on bureaucrats’ independence from political manipulation. Following this, I describe the data and methods to test my theoretical expectations and the results of a cross-national
3.0.1 Discretion and political responsibility

The desire to minimize blame for bad outcomes and claim credit for good ones is a constant concern for politicians (Hood 2011). The need to maintain a reputation with voters can influence politicians’ incentives when making policy, making it attractive to delegate policies that can be unpopular. Nevertheless, systematic empirical investigation of the determinants of bureaucratic delegation has focused on ensuring political control of policy. The principal-agent theory of bureaucratic delegation states that politicians’ expected gains from delegation are greatest when bureaucrats share their policy preferences (Epstein and O’Halloran 1994). (i.e. the “ally principle”) and the cost of monitoring bureaucrats is low (or non-legislative control mechanisms are strong) (Bendor and Meirowitz 2004; Bawn 1995). As policy becomes technically complex, it is increasingly advantageous to delegate to benefit from bureaucrats’ technical expertise (Bawn 1995). Finally, when political authorities disagree among themselves, delegation might increase or decrease depending on the separation of legislative and executive power (Huber, Shiman and Pfahler 2001; Huber and Shiman 2002).

Empirical results consistently support these theoretical expectations. Legislative professionalism decreases delegation by U.S. state governments (Huber, Shiman and Pfahler 2001). High cabinet turnover in parliamentary democracies lessens ministers’ capacity to produce technically complex legislation, leading to more discretionary laws than when ministers stay in office longer (Huber and Shiman 2002). Preference divergence between executive and legislature in separation-of-powers systems leads to more discretionary legislation because the branches of government cannot agree on policy specifics (Huber, Shiman and Pfahler 2001). The opposite occurs under
parliamentarism, where majorities pass legislation with few or no checks from other branches, but parties in coalition governments can insist on making statutes more specific to limit the prerogatives of governing partners with whom they disagree (Huber and Shipton 2002).

These findings explain a great deal about when and how much politicians delegate to ensure their most preferred policies get implemented. However, delegation need not always be about achieving policy goals. Since delegation complicates the policy process by implicating additional decision makers in outcomes, it can diminish voters’ capacity to assign responsibility for policies they dislike. This is not a new idea, after all, Machiavelli advised princes to delegate unfavorable duties. Modern political science continues to recognize that delegation can strategically obscure politicians’ behavior, (Aranson, Gelhorn and Robinson 1982; Fiorina 1982; Fiorina 1985; Riker 1985). But elaborating and testing how this operates has been challenging.

Fiorina argued that Congress chooses between legislation or delegation partly as a function of legislators’ desire to shift responsibility for regulation onto executive agencies, without regard to the relative efficiency of these alternatives (Fiorina 1982). Later work downplayed the likelihood of such scenarios, however, citing the decentralized nature of Congressional policy making (Kiewiet and McCubbins 1991; Epstein and O’Halloran 1999). Individual legislators often deflect responsibility to parties or to the executive, but Congress as a whole delegates to achieve policy goals efficiently. To illustrate, Kiewiet and McCubbins attribute moves by Congress to strengthen control over the Budget Bureau to agency problems exacerbated by divided government (when different parties control presidency and Congress), providing evidence that Congress is actually willing to enhance its publicly observable control over executive agencies to limit agency loss (Kiewiet and McCubbins 1991). Similarly, descriptive
accounts suggest European governments use independent regulatory agencies to shift blame (Hood 2002; Thatcher 2002; Gilardi 2005). However, once again, subsequent research failed to uncover unambiguous evidence of this (Elgie 2006; Gilardi 2008).

Despite the lack of strong observational evidence of blame-shifting delegation, there remains much anecdotal evidence that it occurs (Hood 2011) and recent theoretical work is progressing toward general models of this strategic delegation. Fox and Jordan (2011) model a scenario in which politicians choose between two policies with divergent implications: one voters prefer but politicians dislike and one politicians privately prefer but voters dislike. Legislating the former is less desirable but boosts politicians’ reelection chances, while legislating the unpopular latter serves politicians’ personal preferences but damages their reelection chances. The model’s key expectation is that such “incongruent” politicians delegate extra discretion to allied bureaucrats so they can have it both ways. Letting allied bureaucrats decide policy lets politicians get the policy they want while avoiding responsibility for supporting the policy voters dislike.

As in my own theory, laid out in chapter 2, two basic conditions pave the way for shifting blame: incongruence in politicians’ and voters’ preferences and congruence in politicians’ and bureaucrats’ preference. The first requirement is surely not uncommon, after all, politicians are voters’ agents (Strøm 2000). The second requirement, on the other hand, is never guaranteed and likely absent in the cases of most or all of the previous empirical work. I argue that an important reason for the dearth of empirical evidence, then, is an incorrect choice of test cases stemming from an under-specified theory of the process of blame-shifting delegation. The more complete theoretical model I have provided leads to the following two hypotheses which I will examine here:
**H1:** As politicians and bureaucrats agree more on policies voters dislike we should observe more delegation.

**H2b:** H1 is more/less likely to operate as political control over bureaucrats diminishes/improves.

I resolve the problems of previous empirical results by providing the first empirical test with a context appropriate to the theory. I examine policy making in several parliamentary democracies in which there is variation in whether bureaucrats and politicians are “allied.” The choice of parliamentary democracies is motivated by their relatively government-centric policy-making process. Examining parliamentary cases allows a focus on policies that overcome few formal hurdles to enactment relative to the U.S. case and therefore more reliably reflect the preferences of the enacting political officials.

The incongruence between politicians’ and voters’ preferences that I study is that arising from political corruption. That is, I consider a situation in which politicians have an ulterior motive when making policy: ensuring their own rent-extraction. A corrupt goal must not be written directly into policy if politicians wish to win re-election. This means the goal must be accomplished during policy implementation—making the achievement of politicians’ corrupt goals dependent upon bureaucrats for success. Vague or permissive legislation leaves ample discretionary space for bureaucrats to carry out different actual policies while still respecting the letter of the law. I argue that this means policy choices motivated by corruption can be carried out without drawing a clear line of responsibility to politicians. A growing body of experimental evidence demonstrates that the very act of alienating decision making power is sufficient to deflect most blame for undesirable outcomes (Fershtman
and Gneezy 2001; Hamman, Loewenstein and Weber 2010; Coffman 2011; Bartling and Fischbacher 2012). Unlike previous theories of blame-shifting, which generally assume that voters interpret delegation decisions to avoid adverse selection, the evidence on clarity of responsibility provides a simple explanation for why voters fall for the ruse of blame-shifting delegation. When it is uncertain which actor made an unpopular policy choice, voters assign most blame to the implementing actor - i.e. the bureaucrat.

This argument leads to the expectation that politicians engaged in corruption delegate more power to allied bureaucrats. However, this strategy still entails problems for politicians. In the next section, I consider what we know about political corruption, and explain how politicians engaged in corruption can apply the “ally principle” by controlling the activities of bureaucrats implementing discretionary policy.

3.0.2 **HIGH-LEVEL CORRUPTION AND LOWER-LEVEL DISCRETION**

Political corruption, for the purpose of this theory, refers to organized misuse of political power for private gain by legislative or cabinet officials or by political parties in power (e.g. selling votes, decrees, or influence). If this is to remain hidden, it requires selective implementation of formal policies that otherwise do not appear designed for rent-seeking. Delegating to achieve the right corrupt outcomes from ostensibly normal policies can also enable politicians to shift blame when unfavorable or inefficient results eventually emerge. This definition of political corruption is larger than isolated, individual acts, such as single lawmakers taking bribes. Isolated corrupt individuals lack the influence to systematically alter the pattern of lawmaking over an extended period of time. Where political corruption is prevalent, on the other hand, legislative and executive officials can be expected to regularly make policy in ways
which facilitate their own or their accomplices’ corrupt activity. This is the type of pattern I anticipate.

Still, if politicians delegate corruption, how can they ensure that bureaucrats will carry out the “right” double standards or shady deals once they have extensive discretion? The same opacity needed for politicians to have plausible deniability could allow bureaucrats to do as they like, so how can politicians engaging in corrupt activity protect themselves from bureaucrats reneging or shirking once they have delegated power? The agency problem cuts both ways: as politicians abuse voters’ trust, bureaucrats might abuse their discretion to implement their own preferred policies or pursue their own corrupt ends. After all, the principal-agent logic of corruption tells us that an agent’s discretion (the bureaucracy’s in this case) determines its opportunities for rent-seeking (Di Tella and Schargrodsky 2003; Porta, de Silanes, Shleifer and Vishny 1999; Shleifer and Vishny 1993; Klitgaard 1988).

I argue that the solution is for politicians to exercise informal leverage over the bureaucracy, a phenomenon that is not uncommon in young democracies. Leverage such as the power to dismiss disloyal bureaucrats and hire allies and co-partisans to the public administration in their place can solve politicians’ agency problem. To the degree that the public administration is susceptible to political manipulation, politicians can ensure that corrupt informal deals are enforceable and therefore delegation to bureaucrats can safely facilitate rent-seeking while providing political cover for unfavorable policy outcomes. The notion that corruption and a politicized bureaucracy are connected is not new, but until now an empirically supported theory has not explained the logic behind the connection. In the words of one report on administrative reform and anti-corruption efforts in Poland: “the politicisation of the senior personnel policy ... has prevented the institutionalisation of the policymaking process inside
the ministries and has consequently reduced the mechanisms that promote corruption risks.” (Heywood and Meyer-Sahling 2008).

I expect more corruption at political levels to be associated with greater discretionary power for administrative authorities, but only in systems in which bureaucrats lack independence from political manipulation. This argument extends the organizational logic of widespread political corruption. Scholarship on corruption differentiates between individualized misuses of power for private gain and the social system contextualizing individual acts. Individualized definitions have been insufficient to describe the phenomenon in cases such as post-communist Eastern Europe (Sajó 2002). Due to the context, ostensibly “corrupt” acts by administrative-level public officials in these systems can be difficult to categorize in a strictly legal sense – a corrupt act by an individual bureaucrat may be motivated by loyalty, informal authority or social pressure rather than by a specific quid pro quo. If we take seriously the idea that corruption can be a form of “...social organization characterized by the regular distribution of public goods on a non-universalistic basis...”, (Mungiu 2006) then this delegated corruption is a reasonable expectation.

This argument also provides a concrete mechanism underlying theoretical and empirical work suggesting that systemic corruption distorts public functions (Lambsdorff 2007) and that high- and low-level corruption reinforce one another. The two phenomena are not independent, as one analyst notes: “...bureaucratic corruption and political corruption tend to go along and be mutually reinforcing. Political corruption is usually supported by widespread bureaucratic or petty corruption, in a pyramid of upward extraction. And corruption in high places is contagious to lower-level officials, as these will follow the predatory examples of, or even take instructions from, their principals” (Andvig and Fjeldstad 2001). This idea that high- and low-
level corruption are symbiotic is even fully embedded in commonly used measures of corruption. For example, Transparency International’s Corruption Perceptions Index (TI-CPI) and the World Bank’s Governance Indicator on control of corruption bring together assessments of bureaucratic accountability, predictability and professionalism alongside expert perceptions of the level of political corruption and governance quality to build unified measures of corruption (Treisman 2007; Transparency International 2011; Kaufmann, Kraay and Mastruzzi 2010). Nevertheless, this work has been largely unclear about the exact relationship between politicians and bureaucrats involved in corrupt social organization.

Corruption at different levels of government is connected partly due to the fact that politicians engaged in corrupt acts still face an agency problem when delegating power to bureaucrats. The bureaucrat tasked with carrying out acts of corruption may still go his or her own way - perhaps even more so because corrupt “contracts” cannot be enforced in court. Because of this problem, we should only expect collusion between elected- and bureaucratic-level officials when politicians have the power to hold bureaucrats accountable informally. The logic is similar to that of Lambsdorff’s reasoning on the dilemma facing kleptocratic political principals: “A self-serving principal, a government that disregards its duty of serving the public, might create an environment where laws do not prohibit its own self-enrichment or that of the ruling class” (Lambsdorff 2007).

### 3.0.3 Research design

My question is how political corruption influences bureaucratic delegation in actual political systems, therefore I look to observational data from real policy making rather than experimental results. Ideal data to test this theory would measure the degree
to which political corruption influences each of a set of policies, the level of informal political influence over bureaucrats in the respective system, and the amount of policy-making discretion delegated to bureaucrats on each policy. Where political corruption is greater and bureaucratic political independence weaker, I anticipate bureaucratic discretion will be more extensive, all else equal. To the best of my knowledge, information with this detail is not available. However, I am able to collect data on these concepts partly at the policy level and partly at the system level for a certain set of countries. I examine the empirical case for this argument using data from a large sample of policies passed between 1998 and 2006 by the ten former communist members of the European Union: Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia. This research design has several advantages that make it ideal for this test. 

First of all, studying this set of countries allows us to collect complete data on the number of legal measures that go into changing a policy. This is because the policies I examine include all transpositions\(^1\) of European Commission directives which occurred in the years prior to each country’s accession to the EU. Generally, when governments change policy it is not readily evident which set of laws, decrees, administrative rule changes, etc. have come together to accomplish the change. Since EU member states make official reports on their harmonization of EU law, we can identify such packages of policies from this data. I have collected information on the transposition of 642 Commission directives emitted prior to January 1, 2007\(^2\) through the EU’s Eur-Lex database. I include in the sample only transpositions reported by these ten countries prior to their respective accessions to the EU between 1998 and

\(^1\)The process by which member states harmonize EU minimum standards into domestic law. Thus, EU law provides a common baseline standard for comparing policy-making cross-nationally.

\(^2\)The latest accession date of any country in the sample
2006 (or early 2004 for the eight countries joining that year). This avoids comparing cases inside and outside the EU which may differ in a variety of ways stemming from formal integration into EU decision-making bodies. Most importantly, member states can influence EU legislation, making the policies less independent of the domestic agenda-setting process.

Two further research design elements improve this test. We can be certain the policies under consideration entered the policy making agenda exogenously. Since all ten sample countries were legally responsible for incorporating EU law into their domestic legal frameworks prior to accession, yet had no formal say in EU affairs prior to their accessions, the placement of each issue on the national government agenda was not a function of domestic politics. On the contrary, each country was faced with minimum standards applied across the EU and had to take action by a deadline as a condition of accession. The decision of interest, then – how national political authorities enacted each requirement – is independent of the domestic agenda-setting process.

Furthermore, the European Commission’s directive-issuing authority extends mainly to setting routine regulatory minimum standards. The typical Commission directive harmonizes member states’ regulatory regimes in relatively technical policy areas. Examples from the sample include regulating the chemical composition of pesticides, proper disposal and transport of hazardous waste, contents of cereal-based baby foods, or technical standards for motor vehicle doors and trailers. Although these are not universally contentious or headline-grabbing policy areas, they share a crucial feature: they require implementation, oversight or enforcement by national bureaucracies once a legal framework is in place. Each law passed in these areas has a part in defining the regulatory purview of domestic bureaucracies and has some at least some distributive
implications.

The selection of these ten countries is motivated both by this availability of data on EU policy making, and by various similarities. The ten countries in the analysis joined the EU within one three-year period, share commonalities owing to the communist past, experienced widely varying levels of political corruption, and have had checkered histories with regard to the political independence of their public administrations during the transition to democracy (Taras 1993; Ágh 1998; Kaldor and Vejvoda 2002; Jancsics, Láštic, Solon-Lipiński and Štěpán Zelinger 2012). In this way, studying these countries allows us to develop a measure of bureaucratic discretion at the level of individual policies and a set of measures of political corruption and bureaucratic independence that vary over time at the country level. I describe in the following section these measures for discretion, political corruption, and bureaucratic political independence; and I describe some indicators for other determinants of bureaucratic delegation that I use as controls and to confirm the findings of previous research on bureaucratic delegation to enlarge our general understanding of delegation.

3.1 Measurements and model selection

Huber and Shipan refer to statutes as “blueprints” for policy, and argue that the length of a statute can measure the amount of discretion it affords its implementers (Huber and Shipan 2002). Long statutes are more restricting than shorter ones because they include more instructions. I adopt a similar approach to measuring discretion, using the number of “execution measures” reported to the EU by each country for each directive as the response variable. Once a directive is written into local law, member states report to the Commission a list of the laws, decrees or rules used
to transpose the directive. Variation in the number of these execution measures reported by member states is substantial.\textsuperscript{3} Since directives apply to all EU member states, minimum requirements are constant across states so variation in the number of measures reported should be attributable to national-level factors.

The data include 2,595 individual reports (each report is one state transposing one directive - i.e. one list of execution measures). The count of measures reported to the EU by each country varies from a low of one to a high of twenty-one, with a median value of two measures and a mean of 2.5. The interpretation I advocate is that, in general, a country reporting fewer execution measures to the EC has a more discretionary legal framework than if it had used more measures. Since transposition reports contain all legal measures governing the implementation of the respective policy change, adding additional measures increases the volume of explicit instructions politicians provide to bureaucrats about how the policy must be implemented. For example, consider the difference between transpositions using a single piece of legislation versus a piece of legislation and an accompanying ministerial order detailing how the policy should be implemented. The latter involves more specific instructions, which limits the discretion of bureaucrats to decide how to implement policy. Essentially, a directive can be transposed via primary or secondary legislation directing the national bureaucracy to enforce the minimum standards of the directive or via a larger number of documents detailing how implementation must occur.

The assumption that more execution measures yield more instructions is verifiable up to a point. To check the validity of this measure I compare it against a more familiar measure of discretion: the length of full-text laws (Huber, Shipan and Pfahler 2001; Huber and Shipan 2002). For this, I selected a random sample of

\textsuperscript{3}See table C.2
transpositions from the data and located the full text\(^4\) of all legal measures in each respective list. The number of execution measures for each country-directive report correlates with the English-language word counts of the full text of these laws at .76 (see figure 3.1). If we accept word counts as a measure of discretion, then the positive correlation implies that the count of execution measures is also informative about delegation. Importantly, the potential for bias falls in the direction of finding no difference between low and high numbers of execution measures because lower counts of laws are not perfectly associated with much lower word counts. Thus, to the degree that this measure fails to capture the level of bureaucratic discretion, it understates rather than overstates variation making this a harder test.

The explanatory variable of interest is a measure of corruption focused at the political level. For this I adapt the index of state capture developed by Hellman, Jones and Kaufmann (2003). They derive an index from the Business Environment and Enterprise Performance Survey (BEEPS)\(^5\). The survey targets leaders of local firms in countries across Central and Eastern Europe, Asia and beyond to assess the business and political environments. The survey questions chosen for this index asked firm managers the extent to which the sale of Parliamentary votes and the sale of Presidential/government decrees to private interests negatively impact their business.

The percentages of firms in each country answering in the top three categories of the questions’ four-category scales are combined in an unweighted average to create

\(^4\)Word counts reported here are scaled to English language levels to standardize the comparison across all ten languages. Language-specific scaling values were derived using the full text of the EU’s Charter on Fundamental Rights and the Treaty on European Union. The combined full-text word count of these two documents in English was divided by the full-text word-counts in each respective sample country’s language, yielding a multiplier applied to that language’s total law word counts standardizing them to English levels.

\(^5\)a project of the European Bank for Reconstruction and Development and the World Bank
Figure 3.1: Correlation of reported execution measures to full-text word counts
Note: Word counts are standardized to English language levels.

the final index. Answers fall on the four-point scale as follows: no impact, minor impact, significant impact, very significant impact. The BEEPS survey is published at irregular intervals, therefore I have linearly interpolated missing data. Factor analysis confirms that the two survey questions chosen from each year are appropriate for inclusion in a single index in each of the survey years available. Precise question wording and the results of the factor analyses are included in appendix in table C.1. Note that the question wording remained the same across all survey years.

The sample range of this index extends from 2.4 per cent in Poland in 2002 to 39.8 per cent of respondents reporting that political corruption has an impact on their

---

6The BEEPS took place once every three years around this sample period: 1999, 2002 and 2005. All results still hold if interpolation is not used and values are simply duplicated to the nearest years, but this approach makes the more reasonable assumption that these corruption levels change more or less continuously over time.
business in Latvia in 1998. The theoretical expectation for this measure is that where more businesses leaders report an impact from political corruption, there is indeed more corrupt rent-seeking taking place at the highest levels of political authority.

I use several measures to capture the political independence of the bureaucracy. As direct measures of this concept are not forthcoming, I rely on results from the growing literature on state building and bureaucratic politicization in Central and Eastern Europe to guide my choice of indicator. The factor most strongly influencing bureaucratic independence in Central and Eastern Europe is the level of political competition (O’Dwyer 2006; Grzymała-Busse 2007; Spendzharova 2008; Lonean 2012). Although it is by no means the only thing at work in determining the political situation of the bureaucracy, (Grzymała-Busse 2008) political competition has a determinative impact on governing parties’ scope for exploiting the state. The evidence suggests that public administrations are less likely to simply serve as patronage resources for incumbent parties when citizens have the capacity to hold their leaders accountable through the vote (O’Dwyer 2006) and the opposition is distinct from the government, represents a credible alternative, and articulately criticizes incumbents (Grzymała-Busse 2007). Further precedents for this measurement choice come from the finding that the weakened public administration caused by a lack of competition has had an appreciable negative impact on the quality of EU compliance in some new member states (Vachudova 2009) and the finding that weaker democratic political competition is associated with increased corruption (Montinola and Jackman 2002).

Building on these results about the process of democratization in the region, I use two indicators of political competition as proxy measures for bureaucratic political independence. As Grzymała-Busse (2008) has pointed out, one might measure robust political competition by focusing on the means of or opportunities for political
constraint. Since I am not attempting to test the connection between political competition and political manipulation of the bureaucracy, I adopt two readily measurable and cross-nationally comparable indicators of the latter. I first use the lower-chamber seat share of the largest legislative party in each state. This measure is useful because it captures the capacity of a party to reshape the state, regardless of whether the distribution of legislative seats is caused by electoral institutions, campaign strategies or other factors. The legislative seat share of the largest party is a function of voters’ decisions, filtered through the electoral system. Thus, where parties have chosen to put in place institutions that will favor their ability to create legislative majorities, this increases the average seat share of large parties and broadens their capacity to control the government and avoid sharing power. Similarly, if a party has broad support or an effective vote-getting strategy and gains a large share of seats, regardless of the electoral system, its capacity to reshape the state is likewise larger than a large party controlling fewer seats. Thus, sample countries with more concentrated distributions of legislative seats are expected to be those in which political corruption leads to more discretionary policy making.

The second measure I use is the change in vote shares of the cabinet parties, specifically, the difference between their most recent electoral performance at each observation in the data and their performance at the prior election. This measure is commonly referred to as electoral volatility, and often serves as a measure of party system stability. The usefulness of this measure for my analysis follows from recent results indicating that electoral volatility in Central and Eastern Europe is often driven by elite-level changes in the supply of political parties rather than unstable mass voting behavior (Tavits 2008). Where parties are regularly appearing and then disappearing or moving in and out of power, this measure assumes that political
leaders are also less successful at or less focused on exploiting the state as a source of patronage or installing allies in key posts for longer term coordination with bureaucrats. Whatever its other negative or positive effects, electoral volatility suggests that a kind of competition exists and this measure supposes that volatility disrupts parties’ capacity to politicize the bureaucracy.

As a robustness check on these findings, I follow up this analysis with one using a somewhat more direct measure: the quality of regulatory enforcement. Insofar as the overall quality and consistency of regulation is related to the independence and professionalism of the bureaucracy, this final measure serves as an additional proxy for political manipulation of the public administration - albeit one that is not related to political competition. Regulatory quality is measured as an index constructed by the World Bank and included in their Governance Indicators. The index scores are constructed using results from various surveys\(^7\) on the regulatory barriers to business in each country and the degree to which the application of that regulation is a burden for businesses operating in the country. Thus, this measure captures variation between sample countries over time in the provision of professional, consistent regulation. Whereas political corruption scores are based on the experiences of local private sector managers with corruption in parliament and the executive, the regulatory quality index is based on the experiences of domestic and international business leaders and others with the efficiency and quality of the public administration. The theoretical literature on bureaucratic delegation would predict that, unconditional on political corruption, higher quality bureaucracy will be associated with greater discretion for bureaucrats: i.e. fewer execution measures used in transposition. I predict this interacts with political corruption such that politicians engaged in corruption delegate

\(^7\)Including the BEEPS, although using different questions from those used to measure corruption
the most discretion to bureaucrats where regulatory quality is lowest.

Although a direct measure of bureaucratic politicization remains elusive, because it is a well-hidden activity, using these measures together gives us some confidence in the results reported below. Not only are these measures conceptually different, but they correlate weakly with one another. One final note: the well-documented connection between politicization and manipulation of the bureaucracy and political competition in Central and Eastern Europe indicates that politicians’ capacity for informal bureaucratic control are likely relatively constant within countries (O’Dwyer 2006; Grzymała-Busse 2007; Spendzharova 2008; Lonean 2012). Indeed, none of these measures varies drastically over time within countries, meaning that the inferences I make are between rather than within countries.

I also include in the analysis some additional variables to prevent omitted variable bias, many of which also bear on the findings of previous analyses. Controls were selected because they may plausibly covary with both political corruption and the number of legal measures used in transposition, confounding an inference about the effect of interest. However, some relate to the findings of previous literature on bureaucratic delegation, and finding evidence that these operate similarly in newer democracies as in older democracies should increase our confidence in the face validity of the research design. First, almost all of the governments in the sample are coalitions, therefore I include a simple count of the number of coalition partners in addition to the prime minister’s party. This count takes on a minimum value of zero in single-party governments, and reaches a maximum of three in cases in Latvia, Romania, Slovakia and Slovenia. Following Huber and Shipan, where there are more parties in a coalition government the incentive for parties to insert extra language and statutes into execution measures in order to control their coalition partners increases
(Huber and Shipan 2002). Furthermore, governing in coalition may change the way political corruption impacts delegation.

Secondly, I measure policy conflict within the ruling coalition with the ideological distance between the two most distant coalition partners. This measure of policy conflict utilizes Comparative Manifesto Project ideology scores on the main left-right policy dimension. The lowest value of a coalition party’s ideology score is subtracted from the score of the coalition partner with the highest value. This divergence in policy preferences between parties serves as a measure of coalition disagreement, and varies from zero for single-party cabinets to a high of 41.6 in 1999 during Slovenia’s Liberal Democratic Party, Slovenian People’s Party, and Democratic Party of Pensioners coalition under prime minister Drnovšek. Following Huber and Shipan, increasing ideological distance between coalition partners results in less discretion delegated to bureaucrats (more execution measures) because greater polarization increases parties incentive to control one another’s prerogatives with detailed statutes (Huber and Shipan 2002). Ideological differences in coalition may signal deeper fissures between parties in government that impact their cooperation on corrupt activity as well.

I reinforce the distinction between political and bureaucratic corruption by capturing bureaucratic-level corruption in a separate measure. General measures of corruption often use a mix of administrative- and political-level factors, producing an overall “level” of corruption. Insofar as the general concept of corruption has distinct implications of its own, it may be meaningless to make a distinction between the two. Therefore, to ensure conceptual clarity, I include in the analysis a measure
of bureaucratic corruption also derived from the BEEPS survey. This variable is calculated analogously to political corruption, though from a single question on how often businesses have to make irregular payments to get business done with the public administration.

All models also include an indicator for the last year before each sample country joined the EU, as a control for confounding. If it is the case that political corruption is less or more constrained in the last year of EU scrutiny before accession, but the rush of final transpositions include substantively different policy areas, then this may distort the relationship between corruption and discretion. In almost every state, a concentration of transpositions occurred in this last year, many of which featured more transposition measures than normal as countries readied their legal frameworks for accession. Finally, observations can be grouped by directives, which many countries pass, and by directives' subject matter. Some directives are longer or more complicated than others, requiring additional legal measures to transpose than less complex directives. To address this, I control for the English language word count of the full text of each directive. As for directives’ subject matter, particular policy areas may require more or less legislation to transpose than others. I model the unmeasured factors relating to the policy area of directives by assuming these variations are realizations of a zero-mean random disturbance, or policy area random

8 Transparency International and World Bank measures of corruption both correlate very weakly with my measure of political corruption in this sample: .05 and -.19, respectively. Including these variables alongside or in place of political corruption not only does not alter the reported results, but the alternative general measures of corruption typically have opposite or insignificant effects next to those of political corruption.

9 Excluding bureaucratic corruption has no effect on the results.

10 Just over 80 per cent of observations fall into the categories of Industrial policy/internal market and agriculture. The remainder come from: Competition policy; Customs Union and free movement of goods; Energy; Environment, consumers and health protection; Freedom of movement for workers and social policy; Law relating to undertakings; Right of establishment and freedom to provide services; Taxation; and Transport policy.
intercepts.

3.1.1 Statistical model

The structure of an observation in this data is a number of transposition measures reported by a country for a given directive matched with the country’s political and bureaucratic corruption and regulatory quality of the bureaucracy in the country in that year. The political environment of the government responsible for reporting the measures to the EC is measured on the day the final transposition measure is passed. Summary statistics for all variables are included in appendix in table C.2. The response variable is the count of transposition measures, therefore I use a regression model for discrete counts.

I model the production of transposition measures as a function of covariates using an over-dispersed,\(^{11}\) random effects Poisson regression estimated using Bayesian MCMC (Hadfield 2010). Observations are assumed to be correlated across policy areas, and to have independent and identically distributed disturbances otherwise. The former correlation is modeled with the assumption that the effect of different policy areas is random and drawn from a normal, mean zero distribution. The latter disturbance models the count over-dispersion additively by allowing each observation to have a residual that is drawn from a mean-zero distribution of errors with an estimated variance. For full details of the model, including priors and convergence diagnostics, see the appendix.\(^{12}\)

\(^{11}\)The normal choice for modeling over-dispersed counts is to use the negative binomial distribution. However, the multilevel approach used here makes it simpler to model over-dispersion as a random error term associated with individual observations. An explanation of the procedure is provided in the appendix.

\(^{12}\)Each model is run for 50,000 iterations. Priors on fixed parameters are multivariate normal with a mean vector of zeros and large variances (1e+10). Inverse-Wishart priors are used on both
3.2 Results

Coefficient estimates from standardized data, plotted in figure 3.2, show strong support for my expectations. Since the data are standardized, the size of the effect can be inferred from the point estimates’ distances from the zero line. The main test of the theory, the interaction between political corruption and the two measures of political competition, is explored in figure 3.3. The two figures come from the first two models in figure 3.2. In both of these main models, the effect of political corruption moves in the direction of delegating more discretion as competition decreases. Each panel in figure 3.3 plots the posterior mean and ninety-five per cent credible interval of the estimated coefficient on political corruption at points along the observed range of each political competition variable.\footnote{See table C.3 in appendix for coefficient estimates and credible intervals from models using unstandardized data.} In each case, the posterior distribution of the coefficient estimate on political corruption is added to the posterior distribution of the coefficient estimate on the interaction term multiplied by a level of political competition. The x-axis plots the observed range of values for the respective political competition variable, while the y-axis plots the estimated coefficient on political corruption.

In the left panel, the total effect of political corruption is estimated to be approximately zero where the largest party’s vote share is at its lowest value (less than twenty per cent of the legislature) and becomes increasingly negative as that seat share increases to around fifty per cent of the legislature. Similarly, the estimated coefficient on political corruption is strongly negative at the lowest values of the cabinet’s vote

\footnote{See appendix for fuller details.}
Figure 3.2: Coefficient estimates from standardized data

Note: Estimates from models using data standardized by mean-centering all regressors and dividing by one standard deviation. Black dots are coefficient point estimates; horizontal lines are 95% credible intervals. Intervals overlapping the red dashed line are not statistically different from zero. Estimates beneath the black dotted line are for variance components; \( n = 2,595 \). See appendix for table.

volatility and becomes less so as volatility increases until the effect of political corruption is statistically indistinguishable from zero at the highest levels of volatility. Thus, in both cases, political corruption affects policy making only under conditions that are more favorable to political manipulation of bureaucrats.

Furthermore, substantively large and statistically distinguishable predicted effects are apparent for political corruption in both models. Note in figure 3.4, the estimated effect of political corruption conditional on high and low competition on the predicted number of reported national execution measures as predicted from both main models.
Figure 3.3: Estimated change in political corruption’s effect over competition
Note: Black lines plot the estimated coefficient on political corruption, conditional on the value of competitiveness variables. The gray shaded region is a 95% credible interval around the estimate. Lower values of “Largest Party Seat Share” and higher values of “Cabinet Vote Change” are associated with greater competition, thus the lines slope in opposite directions.

Each graph plots the impact of shifts in political corruption for a two-party coalition with median levels of ideological division in the cabinet, delegating to a bureaucracy of medium corruption (for this sample) and implementing an average directive. The x-axis plots the observed range of political corruption, while the y-axis shows the predicted number of transposition measures reported at the given level of political corruption for the average cabinet. The lines are the mean of the posterior probability distribution of the outcome variable, conditional on each value of political corruption in the interval, and surrounded by a ninety-five per cent credible interval. Again, political corruption is strongly associated with more discretionary policy making under conditions of less party competition, but has no statistically discernible impact where
there is more competition.

Figure 3.4: Substantive impact of political corruption
Note: White lines are predicted numbers of transposition measures, conditional on different values of political corruption. The “Largest Party Seat Share” is used in the upper panels, and “Cabinet Vote Change” in the lower. The left panels plot competitiveness at 1.5 standard deviations more competitive than the mean and the right panels at 1.5 standard deviations less. Gray shaded regions are 95% credible intervals around estimates.

These results also bear on the success of previous theory to explain delegation in the case of less developed democracies. Some results fit comfortably with the expectations of previous research. For example, figure 3.2 shows that both bureaucratic corruption and the number of parties in coalition governments are associated with less delegation. As the number of parties in a coalition increases we would anticipate that accommodating the preferences of all partners will force coalitions to produce additional rules for bureaucrats to follow (Huber and Shiman 2002). The effect of bureaucratic corruption is only statistically discernible in two models, but both re-
sults conform to expectations from previous work. This also supports the argument that corruption should be measured as specifically as possible, as the phenomenon operates differently and implies different predictions about policy outcomes dependent upon the level at which it takes place. If bureaucrats are more corrupt, then politicians are less interested in delegating power to them. Furthermore, the simple expectation that lengthier directives take more legislation to transpose is borne out in the models. These expected patterns can increase our confidence in the validity of the measurement choices.

The expectation that greater ideological distance between coalition partners is associated with decreased discretion and therefore more transposition measures only finds support in one model. The estimated coefficients are statistically discernible and negative in the other two, implying that ideological distance between parties does not impact delegation to bureaucrats or has an inverse impact. This finding is surprising given research on Western Europe. In the context of more developed democracies, when coalition partners disagree on basic policy preferences they typically seek to write more detailed legislation to control one another’s policy prerogatives at the implementation stage (Huber and Shipan 2002). This unexpected finding is reversed in the third model, when using regulatory quality as a measure of bureaucratic political independence. One explanation would seem to be that the relationship between ideological distance and bureaucratic discretion is mitigated by the quality of the public administration. That is, coalition partners only find it useful to limit their partners’ policy prerogatives when the public administration is of a sufficient professional quality to resist further manipulation or poor performance later. However, this requires further examination to substantiate. The alternative is that Central and Eastern European parties’ ostensible ideological leanings are still not a trustworthy guide to
their policy preferences or their abilities to cooperate and make policy with partners in government.

3.2.1 Robustness check: Regulatory Quality

It is worth verifying that the attention I have given to political competition is not misplaced in investigating the effect of corruption on discretionary policy making. To do so, I have selected a measure for political manipulability that focuses specifically on the bureaucracy rather than relying on the causal mechanism proposed in previous work that political competition should diminish the capacity of politicians to exploit the state and informally control bureaucrats. The coefficient estimates reported in figure 3.2 have already indicated the outcome of this test, but I have also plotted predictions for the impact of political corruption on policy making in figure 3.5 to illustrate the point.

Again, we find that at lower levels of regulatory quality – indicating a less politically independent bureaucracy – political corruption has a strong negative effect. When quality is low, the central prediction for the number of transposition measures used on the average directive drops from around the sample average of nearly three at the lowest levels of political corruption to a strong prediction of only one at higher levels of political corruption. On the other hand, the prediction this model makes under higher regulatory quality is actually slightly positive, although still statistically indistinguishable from no relation whatsoever. Thus, when bureaucrats are efficient and predictable in enforcing regulation we find that politicians delegate the same regardless of corruption or perhaps even less as political corruption becomes more prevalent. Yet, when quality is low – indicating that regulatory policy is un-professionalized and unpredictable because of regular political interventions into regulation – increased
Figure 3.5: Substantive effects conditional on regulatory quality
Note: White lines are predicted numbers of transposition measures, conditional on different values of political corruption and regulatory quality. The left panel plots the effect of political corruption at one standard deviation below the mean of regulatory quality, and the right panel at one standard deviation above. Gray shaded regions are 95% credible intervals around estimates.

Political corruption is associated with relatively large increases in bureaucratic discretion. In this model, the prediction is at least a sixty per cent drop in legal measures produced in more corrupt systems relative to the least corrupt ones.

3.3 Discussion

The theoretical implications of these results are that delegating to avoid responsibility is a viable strategy when the institutional context is right. When elected officials in parliamentary systems wish to pass policy, they face few formal hurdles to writing and adopting their preferred policies. However, this power is checked by the fact that voters will sooner or later have the opportunity to vote them or their party out of
office. The results presented here suggest the possibility that this crucial check on politicians’ behavior can be undermined by the strategic use of an everyday policy tool: delegating to bureaucrats. If political leaders have allies in the bureaucracy then they can delegate unpopular policies to them to diminish voters’ clarity about policy responsibility. Theory has predicted as much for some time, but this is the first empirical evidence bearing directly on the question.

This strategy of delegating to avoid responsibility depends on politicians’ ability to solve the classic problem of delegation: how to prevent agency loss. When politicians can both avoid responsibility and prevent losing control over policy outcomes, delegating becomes an attractive option. Chapter 2 has described the logic of this phenomenon and this chapter has addressed how it operates with regard to political corruption. The results are important for several additional reasons. First of all, identifying the practical implications of corruption and bureaucratic manipulation is an unavoidable challenge not only for testing certain theories about politics, but also for achieving clean government. In this case, clear theoretical expectations lead us to specific expectations about bureaucratic delegation: when politicians have an incentive to hide their activity from voters and they can informally control or agree with bureaucrats, we expect to see more delegation of power. Although corruption, just like any number of other informal political activities, is conducted in secret, it leaves predictable evidence in the wider institutional and partisan context.

There is also a need for a deeper understanding of the role bureaucrats play in this process. The evidence here has focused on politicians manipulating the public administration to facilitate illicit profit from their positions. However, delegating to shift blame is a strategy governments might use even when not engaged in criminal activity. Further evidence is called for to test the degree to which ideological agreement
with bureaucrats allows politicians to delegate to diminish clarity of responsibility, and under which conditions bureaucracy may be responsive to citizens’ demands over their own ideological preferences. I make an initial examination of this question in chapter 4.

Finally, this chapter contributes important insights to our knowledge of the transition to democracy in Central and Eastern Europe. Several signs indicate that politicians in these democracies face the same everyday political calculations as their counterparts in older democracies and overcome them in similar ways. Corrupt bureaucrats get less discretion and more effective ones are generally delegated more discretion. Larger coalitions delegate less, and even party ideology impacts policy making. Theories of delegation developed in older democracies work well in newer democracies despite the effects of political corruption.
Chapter 4

Blame-shifting and ministerial drift: When coalition parties stop delegating to partners

The choice to make policy directly or indirectly can be a strategic one for politicians. Writing policy directly using laws or government decrees or leaving it to ministers and bureaucrats to make through secondary legislation can impact both what politicians accomplish and voters’ information about the policy making process. Policy made by bureaucrats can benefit from their policy expertise and information advantages, but it is also attenuates the link between policy outcomes and politicians’ choices. Thus, one reason politicians might prefer to delegate to bureaucrats is to shift responsibility for policies that can be unpopular. As long as bureaucrats share politicians’ preferences, a sort of collusion can emerge between them in which politicians delegate and bureaucrats make policy that voters dislike but are unable to blame directly on politicians.

This chapter explains how political leaders in parliamentary coalition governments choose between policy instruments that grant more or less discretion to the bureaucracy using just such a process. Coalition government, with all of the compromises it requires, is a particularly common occurrence in modern democracies in which unpopular policy decisions are regularly required of politicians. Although we know a great deal about how politicians choose to delegate to bureaucrats to achieve policy goals, there is virtually no systematic empirical evidence addressing
whether politicians do delegate to diminish their responsibility for policy, despite the fact that scholars have long suspected that this is the case (Aranson, Gellhorn and Robinson 1982; Fiorina 1982; Fiorina 1985; Riker 1985; Hood 2002; Fox and Jordan 2011; Hood 2011). I provide evidence of this activity by examining how coalition governments delegate everyday policy choices to decrease clarity of responsibility for compromise policies.

Since coalition governments divide ministerial portfolios among parties, delegation of policy making authority to ministers or bureaucrats implies one coalition partner is advantaged over its partners in control of that policy area (Laver and Shepsle 1990; Laver and Shepsle 1996; Thies 2001; Martin and Vanberg 2004; Martin and Vanberg 2011). As long as coalition partners agree on a policy, delegation can conveniently facilitate policy compromise and obfuscate responsibility to avoid advertising to each parties’ supporters that they are conceding policy decisions to their partners. As the theory in chapter 2 demonstrates, if decision-making power is alienated from the cabinet to a minister from a particular party, this can dilute the responsibility voters attribute to the other parties in government for the respective policy. Nevertheless, coalition governments’ need to compromise evolves over the life of the government. Compromise is necessary to maintain cooperation. However, as new elections approach, parties’ needs shift toward positioning for the next round of elections - i.e. their need for compromise lessens, leaving governing parties with less common ground on policy.

In the following sections, I develop a theory of collusive delegation in coalition governments and execute an empirical test of its implications. To do so, I examine more than twenty years of policy making by coalition governments in several Western European democracies looking for evidence that politicians delegate to ministers and
bureaucrats differently over the life of a coalition government in theoretically predictable ways. I model how coalition governments choose between the statutory tools of laws and cabinet decrees versus delegated secondary legislation including ministerial decrees and administrative rules as a function of the time until the next election and the expected life of the government. Previous empirical research indicates that coalition government stability decreases with factors that polarize or fracture interests in the legislature and otherwise increase the difficulty of policy bargaining. Using these findings, I build a measure of expected coalition lifespan by estimating the survival of a large sample of governments from 1986 through 2009 in several Western European democracies. I use this measure, along with the time to the next election at the point of passing policy, to examine how governments delegate to bureaucrats under different circumstances.

I measure the choice of legislative tools using data on European Union members’ self-reported policy changes in transposing EU Commission directives. Transposition is the process of writing directives from EU authorities into member states’ national legal frameworks, and may consist of a mix of several different legal instruments. Thus, this measure allows us to track everything that went into changing the policies I study. This research design also ensures that the policy making agenda is set externally to the government so that we can focus on the government’s policy choice independently of the agenda. My findings suggest that stability and the time left until the next election at the point of transposition do influence governments’ choices of legislative instrument away from delegating to ministers and toward using laws and cabinet decrees, which allow coalition partners more input on the policy making process and entail greater clarity of responsibility.

This chapter’s findings also have implications for research both on European Union
cooperation and on government stability in parliamentary democracies. Much recent work on compliance with EU law has turned to the domestic politics of member states to understand aspects of transposition and infringement (Steunenberg 2006; Toshkov 2008; Luetgert and Dannwolf 2009; Börzel, Hofmann, Panke and Sprungk 2010; Spendzharova and Versluis 2013). This chapter demonstrates again that the politics of coalition government and the timing of government dissolution or elections can substantially alter government approaches to transposition. The potential for difficult political situations in member states to slow down the process of EU compliance complements recent findings and further develops our empirical understanding of this process. With regard to government stability, most empirical and theoretical work since the earliest contributions on the topic (Warwick 1979; Taylor and Herman 1971; Lowell 1896), has been more or less explicitly motivated by concerns for the impact of stability on the quality of democracy. Work in the past 20 years has made a great deal of progress in developing our theoretical understanding of the strategic logic of early government turnover (Grofman and Van Roozendaal 1994; Lupia and Strøm 1995). Nevertheless, despite the fact that post-war Europe has not witnessed a democratic failure associated with government stability, the idea that cabinet stability has an impact on the quality of democracy has not gone away. This research demonstrates that stability, or at least parties’ expectations about the continuing survival of a coalition, does have an impact on policy-making efficiency and democratic accountability.

4.1 “Collusive” Delegation in Coalitions

The theory I propose is that the normal operation of a coalition government involves a form of stable collusion among governing parties. At any time, making policy
in coalition involves a balancing act between parties’ need to compromise with their governing partners and their need to limit the risk that those partners will tilt coalition policy toward their own preferences at the expense of the government’s common position (Huber and Shipan 2002; Martin and Vanberg 2004; Martin and Vanberg 2005; Martin and Vanberg 2011). Compromise between coalition partners implies each party in government knowingly allows its partners to make some policies that may be against the wishes of its own voters. This is the price it pays to participate in government, and each presumably receives a measure of the same courtesy in return. The fundamental difficulty of coalition government, then, stems from the conflicting goals it forces on participating parties: they must weigh their own voters’ interests against the need to cooperate with partners in government. The system of allocating ministerial portfolios to parties institutionalizes this deal, granting the party controlling a ministry greater control over policy in the respective domain.

Naturally, this has limits agreed to in the coalition’s original bargain, and it is well known that parties monitor their partners to “police” that deal (ibid.). Nevertheless, when the government delegates decision-making to the bureaucracy, it is done so with the knowledge that the political color of the respective minister affects the policy outcome. Since bureaucratic and ministerial decisions are made with alienated authority, unlike statutory tools used directly by the government, delegating is a convenient way for coalition partners to endorse tacitly their partner’s policy goals without drawing their own voters’ ire for actively supporting policies they might dislike. However benign the outcomes, this type of delegation is technically a form of collusion in which parties in coalition agree to delegate to partners’ ministers to accomplish compromise outcomes that would be politically damaging for them if the entire cabinet signaled its agreement by instead using laws or cabinet-level decrees.
Even so, a lot can change over the life of a coalition government that changes parties’ incentives to defer to their partners by delegating. Most importantly, when the end of a government is expected soon, the need to maintain cooperation diminishes collusion’s usefulness and raises the stakes of delegating policy to parties with different constituents and therefore divergent preferences. Cabinet stability, the sense that the government will survive so that present cooperation or defection can be reciprocated, is therefore crucial to stable collusion. Instability eliminates any theoretical incentive to delegate policy making power to ministers and bureaucrats because the agency costs of doing so rises sharply when the cabinet might dissolve any day or new elections are imminent. Thus, I anticipate that delegation diminishes with coalition stability and the time remaining until the next election.

This theory is, in many ways, the dynamic complement to what we already know about bureaucratic delegation by coalitions. Huber and Shiplan (2002) demonstrate that coalition governments in parliamentary democracies draft legislation delegating less discretion to the bureaucracy when parties in government wish to ensure their partners have little room to use ministerial authority to reinterpret a statute in ways that would violate the spirit of the coalition compromise. The party heading the ministry tasked with implementing a law can change the substantive outcomes of the policy if the bureaucracy is given enough discretionary power. Thus, as a coalition is more conflicted, delegation decreases. This evidence taken from a snapshot of policy making across coalition governments is exactly what we would predict based on existing theoretical models of collusive delegation.

A formal theoretical description of how this accords with our expectations of collusive delegation comes from chapter 2. In the blame-shifting equilibrium of the main model, a reelection-seeking politician is judged by voters based on some policy
outcome influenced by the politician’s actions. The politician has a conflict of interest with voters, in that he or she prefers to produce a lower-performing policy than voters would like. Reelection is valuable, but politicians also benefit from passing policies in line with their own preferences.

Upon observing the policy outcome, voters estimate the politician’s responsibility for policy depending on the uncertainty inherent in the policy making process such that when uncertainty is lower politicians are assigned more blame or credit for outcomes and when uncertainty is higher they are assigned less. If delegated policy yields less political responsibility and bureaucrats have similar preferences to politicians, then politicians can delegate policy making to both achieve a policy they like and ensure some probability of reelection.

This raises the question of why voters - or, more importantly, voters’ information sources such as the media, party activists and politically engaged individuals - should fall for collusive delegation. Why would voters not see through this ruse? The answer from recent experimental evidence is that voters are susceptible to delegation as a blame-shifting tactic because it diminishes clarity of responsibility for policy (Fershtman and Gneezy 2001; Hamman, Loewenstein and Weber 2010; Coffman 2011; Bartling and Fischbacher 2012).

The upshot of these findings is that voters might not blame politicians for delegated policies even when they clearly observe politicians prefer outcomes voters dislike. Thus, even though recent research demonstrates that voters perceive parties’ tendency to make compromises to coalition partners (Fortunato and Stevenson 2013a), when those policies are delegated parties might still effectively deflect blame to their partners for those unfavorable outcomes. This argument also accords with evidence that voters in coitalional system partition blame for economic outcomes among
governing partners and not solely to any one party in the government (Duch and Stevenson 2008).

Using this framework, I build on Huber and Shipan’s (2002) findings by explaining and demonstrating how evolving political circumstances over the expected lifespan of a coalition complicate delegation decisions. In the dynamic story I propose, a coalition’s internal cohesion on policy diminishes over the life of a government, and this has implications for how they delegate. Earlier in the government, parties have an incentive to invest in the survival of the government by making policy compromises. As time passes, this incentive diminishes. Although decades of research on the stability of parliamentary coalition government have found little evidence that stability impacts the effectiveness of a government, I argue that parties’ expectations about the survival of a government can affect policy outcomes in at least two ways. As parties in government anticipate that the end of a coalition is approaching, electoral concerns become increasingly salient. Even the daily business of government may take on a strategic dimension as parties position themselves for elections or a new round of coalition formation negotiations. Salient or divisive policy areas are often subject to delays and other strategic behavior during the policy-making process, but, with the end of the government in sight, even everyday government business may be subject to strategic action.

Furthermore, since coalitions typically put areas of agreement on the agenda early on in the life of a government (Martin 2004), as time passes it can become increasingly difficult to reach joint decisions or trust that one’s partners will make policy in a way that is acceptable to the entire coalition. Empirical research indicates that stability decreases with factors that polarize or fracture interests in the legislature and otherwise increase the difficulty of policy bargaining, thus decreased stability may also
alter governments’ policy making strategies because of the increased transaction costs of making policy on areas of mutual disagreement.

4.2 CHOOSING LEGISLATIVE INSTRUMENTS

The choice of legislative instrument is a crucial aspect of policy making and one that reflects the trade-offs provoked by parties’ dual needs to compromise and compete for office separately. For the average policy change, a government may use a statutes in parliament, decrees decided at the cabinet level and signed by the prime minister, decrees passed by a cabinet minister or administrative rules to execute the change, or it might employ some combination of these. I will refer to these, generally, as laws, decrees and administrative rules. Laws, in this typology, include any measure which implicates the entire government by requiring a vote by the legislature. Decrees refer to legal instruments issued under the authority of either the prime minister or a cabinet minister, even when these subsequently require active or passive parliamentary approval. I further divide this category into government and ministerial decrees, according to the locus of authority and therefore responsibility for the respective policy choice. Administrative rules include any measures passed under the authority of a public administration official at a sub-cabinet level. Each instrument provides coalition partners with different levels of input and information about partners’ activities, affords more or less public transparency and situates responsibility on a different actor. The choice between them, therefore, involves trade-offs between efficiency and both transparency and inclusiveness.

The determinants of law use with which I am concerned are related to the dynamics of coalition government and address the decision to use these instruments instead
of some other one. Previous work on law production has often considered only situations in which the decision to pass a law is equal to the decision to make a policy change at all (Tsebelis 2002; Tsebelis 2004). My concern is the decision of a coalition to use a statute to change policy, given that a policy change is on the agenda and will take place.

Franchino and Høyland (2009) address this question, arguing that parliamentary institutions, the opportunity for policy influence, and policy conflict within coalition governments are key determinants of the decision for parliament to get involved in the transposition of European Union directives. The third issue is particularly salient for considering the impact of coalition stability on policy venue choice. Franchino and Høyland (2009) find that policy conflict between coalition partners increases the likelihood of parliamentary involvement in the policy changes they examine. Relatedly, Martin and Vanberg (2011) have demonstrated that the process of parliamentary law-making can provide coalition parties with the means to monitor their partners in the cabinet by carefully examining bills in committee or using amendments to mediate the influence of partners’ preferences on the final policy. For this reason, it is likely that coalition governments find themselves increasingly forced to put bills to parliament to change policy as elections and the expected end of the coalition nears. Passing policy changes through parliament can help parties prevent defections by their partners as the stability of a coalition decreases. Thus, I anticipate that law usage will increase as cabinet stability decreases.

This same logic extends to the use of government-level decrees in that decisions taken at the cabinet level offer opportunities for partners to intervene and make demands and such tools directly tie all coalition parties to the resulting outcomes. Decree usage is a relatively under-studied form of policy making in parliamentary
systems. Many studies of executive decree authority focus on its use in presidential and semi-presidential systems, where it is understood as a means for bypassing legislative obstacles to executive policy goals or even a usurpation of legislative power (Carey and Shugart 1998; Remington, Smith and Haspel 1998; Cox and Morgenstern 2001; Amorim Neto 2006; Pereira, Power and Rennó 2008). The status of decree power in parliamentary democracies is somewhat different, however, in comparison to the situation in presidential systems. The cabinet in a parliamentary system typically has substantial powers to introduce and amend legislation, power to set the agenda for parliament, and – perhaps most importantly – it can mobilize its parliamentary support to pass policy. This makes executive usurpation of legislative power a much less salient risk in this setting than in presidential systems, given that the branches are already fused in their survival and selection (Shugart and Carey 1992). The important concern for a coalition government is the divergence of preferences between the governing parties, which can create delays to passing policy through the legislature or at the cabinet level.

For example, Italian coalition governments have increasingly relied on decree power throughout the post-war period to make policy around legislative obstacles stemming from coalition government and to increase the efficiency of the legislative process primarily because the government has had weak agenda-setting power (Della Sala and Kreppel 1998; Verzichelli 2006). For most Western European governments, the scope of decree power is limited to regulations subsidiary to acts of parliament, delegated decree authority from parliament, or acts that must subsequently face some parliamentary approval procedure (Huber 1998; Müller 2006). Nevertheless, for the minor regulatory tweaks that make up the bulk of everyday policy making a legislative framework typically exists already in modern Western European democracies,
making decree power a feasible option for passing these policies.

A further key feature of decree power for coalition governments in the systems under consideration is that area experts argue that all governing parties typically have a voice in cabinet-level policy making. Most of the countries under consideration maintain norms of consensus and collective responsibility for cabinet decision-making (Della Sala and Kreppel 1998; Damgaard 2006; Müller 2006; Verzichelli 2006); and many even maintain standing rules according to which proposals are debated and even voted on by the cabinet, as in: Belgium (De Winter and Dumont 2006), Germany (Saalfeld 2006), Italy (Della Sala and Kreppel 1998; Verzichelli 2006), Finland (Raunio and Wiberg 2006), and the Netherlands (Timmermans and Andeweg 2006).

I anticipate, therefore, that government decrees operate on a similar logic to law passage, albeit with the advantage that they bypass the extra delay of legislative scrutiny embodied in the committee system and the various forms of interpellation used in Western European democracies. As the expected end of the coalition nears, it becomes increasingly useful to pass policy by using cabinet-level decrees because they still afford the opportunity for coalition parties to review their partners’ policies. Despite these indications, however, ministerial decrees, like administrative rules are subject to different expectations.

In the case of ministerial decrees and administrative rule-making, governments have speedy and efficient procedures for changing policy but which also offer the greatest potential for agency loss between coalition partners. On the efficiency side, Huber and Shipan (2002) have demonstrated that delegation to the bureaucracy increases in parliamentary systems as cabinet turnover increases because they argue that turnover decreases the capacity of politicians to put together legislation, and therefore politicians take the shortcut of delegating out of convenience. On the one
hand, decreases in the capacity to formulate policy changes at the cabinet level or through parliament should increase the attractiveness of delegation to ministers and bureaucrats. However, on the other, the influence of cabinet ministers over their own bureaucracies and their specialized knowledge of these areas creates a heightened risk of ministerial drift as they set policy through administrative rule changes (Laver and Shepsle 1996).

This is exactly the risk that Huber and Shipan (2002) identify in their finding that delegation in parliamentary systems decreases as policy conflict among coalition partners increases. Although a convenient shortcut for politicians to avoid the costs associated with navigating parliament and potentially facing public scrutiny of policy changes, this path carries risks that should become more salient as the expected end of a coalition approaches. In our example, the use of ministerial or bureaucratic policy allows other coalition partners to distance themselves from responsibility for these policy outcomes. Although voters expect their parties to compromise with coalition partners, when those unfavorable compromise policies come directly from partner parties’ ministers and ministries it separates their own party from responsibility. Thus, I anticipate that declining stability will be associated with decreased use of ministerial decrees and administrative measures in coalition governments, given the routine determinants of administrative policy making.

4.3 RESEARCH DESIGN

Two research design challenges must be overcome in order to study the impact of the dynamics of coalition politics on bureaucratic delegation. First, delegation (i.e. the choice of legislative instrument) could be endogenous to the type of issues that are placed on the agenda. Without addressing this endogeneity, we would be unable
to distinguish whether delegation is a consequence of coalition stability or is driven by factors that determined the agenda-setting process. Second, it may be that the hypothesis above only holds for average policy-making issues and with highly visible or salient issues this expectation may not hold. I adopt a research design targeted to deal with these both of these challenges by taking advantage of governments’ self-reported policy changes while transposing European Union directives. This allows me to conduct a cross-national analysis of government policy-making venue choices that includes coalition governments of various sizes and in a wide variety of political circumstances and legal contexts.

As to the first problem mentioned above, the nature of the EU policy-making process ensures that the choice to delegate is uncorrelated to the decision to initiate a change in policy. The directives considered here only include those emitted by the European Commission, the executive body of the EU. As such, the Commission is the agenda-setter and not the national governments. I leave out any directives emitted by the EU Council or EU Parliament, as legislation from these institutions allows for closer connections between member state governments’ preferences and the agenda for directives (Franchino and Høyland 2009; Franchino 2007). All EC directives must be both transposed and implemented. Transposition involves enacting domestic legal instruments that integrate the directive’s minimum standards into the member state’s legal framework. The subsequent step of implementation involves applying these laws. I focus only on the transposition stage, thus this analysis does not speak to the determinants of the subsequent implementation of policies which are passed.

The Commission is the branch of EU government farthest removed from member state partisan politics. This feature of the research design is meant to ensure that the extant political situations of individual national cabinets are the primary influences
on the choice of policies enacted by national governments to transpose directives. Anything that makes it onto the government agenda naturally is taking the place of other concerns that could be addressed at that moment, and transposition may be delayed or hurried within a certain time frame, but Commission directives are the nearest thing to an exogenous demand for policy available for a wide cross-national set of cases.

In regard to the second problem above, another advantage of focusing on Commission directives is that they are, in general, relatively apolitical in comparison to other items that may be found on the government agenda. Directives emitted by the Commission focus largely on relatively mundane regulatory topics such as tweaks to industrial regulations, safety rules or standard-setting. Any single directive certainly has some marginal distributive impact on at least one industry or set of interests, but on average Commission directives do not address divisive, high impact or high profile public policy issues. This is an advantage of the research design because it means that the analysis conducted here is a suitable and relatively hard test for the theory. If coalition stability truly alters the incentives to delegate to bureaucrats, then this test will find support for this only if it manifests itself in relatively non-partisan policy-making settings.

Each transposition of a directive by a member state has been coded for the use of different legislative instruments according to rules described in the next section. The independent variables of theoretical interest are two capturing the passage of time toward the end of a coalition government. These are the days until the next election at the point of transposition, and an estimate of the days until the dissolution of the coalition predicted from a model of cabinet survival. The analysis thus proceeds in two stages. First, I estimate the stability of each cabinet in the sample at the moment
they transpose each directive. The estimate of stability is based on a set of variables demonstrated by previous research to predict cabinet survival. Second, I estimate the impact of this measure of predicted stability and the time until the next election on governments’ choices of legislative instruments.

4.3.1 Response variable

Complete data is available on EU Commission directive transpositions through the EU’s Eur-Lex database. I examine the transposition of all Commission directives from 1986 to 2008 performed by coalition governments in five countries: Belgium, Finland, Italy, Germany, and the Netherlands. For each completed transposition in this period, a total of 1,911, I recorded the complete list of legal measures provided by each country in their transposition reports. I measure legislative instrument choice by coding each of the measures in that list according to the competent policy making authority. If a measure was passed by parliament, then it is coded as a law. If it was decreed, executed or otherwise emitted by the prime minister or a cabinet minister then it is coded as a decree. If a measure was passed under the authority of any administrative official in the central government then it is coded as administrative.\(^1\) Subnational regulations were excluded from the analysis both because they are relatively rare and strategic behavior associated with such regulation is not of interest to the present analysis\(^2\). Furthermore, presidential decrees are omitted where applicable as they are, likewise, rare in the data and their use is not explained by the theoretical framework.

---

\(^1\)For further details on the legal status of various policy instruments, the interested may also consult the European Commission’s European Judicial Network in civil and commercial matters at: [http://ec.europa.eu/civiljustice/index_en.htm](http://ec.europa.eu/civiljustice/index_en.htm); and the EU’s N-Lex database of national law at: [http://eur-lex.europa.eu/n-lex/index_en.htm](http://eur-lex.europa.eu/n-lex/index_en.htm).

\(^2\)For example, Finland’s Swedish autonomous region, the Åland Islands, handles some transpositions independently of the central government due simply to its autonomous legal status.
laid out here. Thus, the unit of analysis is a country-directive transposition: that is, a single country’s transposition of a single directive, completed on the date of the final legal measure in the list of transposition measures.

The choice of sample countries is limited by two factors: one theoretical and the other technical. First of all, several countries have experienced coalition governments during the sample period, but have a set of domestic institutions that preclude the type of strategic behavior that I have described here. Portugal is one such case; constitutional provisions require that all EU-related legislation be passed at the political level, either by law or decree. Austria, on the other hand, utilizes cabinet decision-making norms so consensual that we should not expect the strategic logic described here to operate (Müller 2006). Second, not all countries provide data of a sufficiently detailed nature in the Eur-Lex database to properly distinguish between cabinet and ministerial decision-making. Denmark, France, Luxembourg, and Sweden fall into this latter category. To distinguish different types of legislation, I code the Eur-Lex field for “legal act” corresponding to each transposition measure, for which data in these countries is either not provided or too general to code properly.

4.3.2 Explanatory variables: Time remaining to the coalition

The first independent variable of interest is simply the days remaining until the end of the coalition’s statutory inter-election period on the day each transposition is completed. The second is is created from the predicted duration of each cabinet in the sample. I first estimate a Log-Logistic accelerated failure time model of cabinet survival on a sample of 508 post-war European governments from 19 countries and then use the fitted values from the model as a prediction of the total duration (in days) of each of the 40 coalition governments in the second-stage data set for which
policy-making data is available. This duration model includes a variety of covariates that have been demonstrated to impact cabinet survival (Saalfeld 2008), which can be found listed in the table of results included in table F.1 in the appendix. The resulting predictions are then used to create a measure of “stability” by subtracting the number of days elapsed between the cabinet’s investment in office and its transposition of the directive in question from the predicted total duration.

This measure is an estimate of the number of days remaining until the cabinet is predicted to dissolve at the moment at which an EU directive is transposed. Where the number is positive and large, the cabinet is relatively stable at that moment in time. Where the number is positive and small, the cabinet is relatively less stable at that moment. And where the number is negative, the cabinet has already survived longer than would otherwise be anticipated given its characteristics as measured by the survival model’s covariates.

This measure can be thought of as an estimate of political expectations about cabinet survival and the best estimate of the stability of each cabinet given political science models of cabinet survival. Since all of the covariates in the duration model pertain to fixed attributes of the sample cabinets, the survival estimates capture the average length of time a cabinet of a given type tends to survive.

4.3.3 Explanatory variables: Other salient factors

Control variables are only included in the main estimation to ensure a clean inference of the effect of passing time. Two factors determined the control variables included in the main analysis. First, I include a set of variables which are meant to avoid omitted variable bias: those which have an independent effect on the choice of legal instrument while having the potential to be correlated to government stability. These include
an indicator variable for majority governments, a count of the number of parties in the cabinet and a measure of the ideological distance between the parties in the coalition. This final variable measures the ideological distance between the most distance parties in a coalition government as measured by expert surveys (Strøm, Müller and Bergman 2008).

The second category of variable includes those used in the analysis to control for otherwise unmeasured or unmeasurable country and institutional variation. These are necessary to avoid bias because the data on policy-making venue choice is limited by uneven variation on delegation decisions within countries, likely attributable to the legal systems and customs of these sample countries. Figure 4.1 illustrates this with scatter plots of the numbers and types of legal acts used in all transpositions in each respective sample country. This pattern of variation in the dependent variable ensures that modeling unmeasured variation between countries using country-level fixed or random effects would be inappropriate and potentially unstable because country fixed effects would account for much of the variation. On the other hand, the data obviously suggest that unmeasured differences between countries must have a hand in determining their choices of policy-making venue independently of cabinet stability. Likewise, unmeasured differences between individual directives are likely important for understanding their transposition patterns.

To deal with differences between countries, I include in each second stage regression a measure of the average use of the respective venue type as a proportion of directive transpositions within each respective country in the previous year. These rolling averages account for the tendencies of individual countries to favor one type of legislation over another, ensuring that the regressions results focus on changes in standard practice in response to changes in cabinet stability rather than otherwise un-
measured variation in local legal frameworks and administrative arrangements which is not relevant to the theory at hand. To deal with unmeasured differences between directives, I control for the total number of legal instruments used by the country to transpose the directive in question and English-language word count of the original directive to help capture the level of detail of the original standard and therefore some form of measure of the policy making effort required of each country to meet that standard. Obviously each member state’s status quo policy is likely different from all other states, meaning that this measure is only an approximation of the actual magnitude of change required by a country to transpose a given directive. However, the level of detail required for such a direct measure is currently unavailable in the data. Finally, I also include a measure that tracks the number of days until
the EU-imposed transposition deadline to ensure that there is no confounding from more complicated directives being put off longer and requiring more comprehensive transposition techniques.

4.3.4 Modeling strategy

Stage one: Cabinet Duration

Modeling the choice of legislative instrument is a two-stage process in this test. As mentioned above, I first estimate the predicted duration of each sample cabinet from a Log-Logistic accelerated failure time model. I then include this predicted value as an independent variable in the second stage estimations I use to predict the impact of time on bureaucratic delegation. In the next section, I report the results of these models, and, because this variable is a predicted value and is therefore estimated with some uncertainty, I perform a robustness check of the initial findings by bootstrapping both stages together. Failing to translate the estimation uncertainty from the cabinet duration model into the second-stage regression can cause bias or inconsistency in the second stage models, so this check is important for the validity of my results. There are two ways of overcoming this challenge. First, one might analytically derive the correct standard errors for the second stage model while taking into account the first stage (Murphy and Topel 1985). Or, second, one might simulate the second-stage standard errors with a computing tool such as the bootstrap. I opt for the latter because of its relative simplicity, bootstrapping the first stage and then using the full distribution of resulting predicted values for cabinet duration in the second stage models.

To fully analyze the results of the second stage models, the first stage model is estimated on 1,000 bootstrap samples, and cabinet duration is predicted for each of
the cabinets included in the second stage analyses. Each second stage analysis is then estimated 1,000 times, using stability measures based on each respective set of predicted values.

**Stage two: Choice of legislative instrument**

I model the second stage models of the choice between primary and secondary legislative instruments as a choice among different policy making strategies. Ideally, this problem is one of modeling a composition: each EU member state passes a number of measures which together are made up of some combination of different legal instruments. However, due to basic limitations imposed by the structure of the data I am forced to use an alternative approach. The reason for this is that many country-transpositions do not use one or more of each type of legislative instrument (decree, law and administrative rule). Rather, many transpositions only use one or two of these at a time. Thus, “zero shares” are ubiquitous and interspersed in the data such that they cannot be treated with standard statistical approaches to compositional data.

I consider transposition as a multinomial choice problem with three alternatives: law or cabinet decree, ministerial decree or administrative tools. A member state government may pass one or several legal measures to transpose a directive, and if even one of these is a law passed by the legislature or cabinet decree, then I code the transposition as using a law. Similarly, if transposition does not utilize any laws or cabinet decrees, but does rely on at least one administrative rule, then I code it as having been administrative. Finally, if transposition relies only on ministerial decrees, then I code it as having been accomplished via decree.³ According to the

³The choice to code administrative transpositions as any directive not using laws and using at
current coding of the data, decree transpositions are still, by far, the most common - accounting for 1,299 out of 1,911 total observations. I model this choice using a multinomial logit regression of the choice of policy tools on all of the covariates described above. This analysis is repeated 1,000 times to account for the uncertainty in the bootstrapped predictions of stability and results are reported as predicted choices for an average cabinet in the data.

After presenting the results of the main analysis, I turn to two robustness checks meant to probe these findings for their reliability and validity as test of the theory.

4.4 RESULTS

In order to evaluate the expectations laid out above, I use the analysis described in the previous section to build predictions of the policy making choices of an average government in the sample under changing stability. Figures 4.2, 4.3 and 4.4 show the predicted values and 95% confidence intervals of simulations produced from 1,000 second stage multinomial logit choice models of a government’s decision between using laws, decrees or administrative rules under changing stability. Each graph shows all simulations simultaneously, with each individual result stacked over the others in a light gray so that where there are many simulations showing similar results the colors are darker.

Tabular summaries of these models are not included because the coefficient estimates in each of these regressions is not readily combined into a single set of parameter estimates and standard errors. The estimates and standard errors are not directly least one administrative rule is not crucial to the findings. Recoding this so that using no laws and at least one ministerial decree counts as a ministerial transposition and using only administrative rules counts as administrative would yield results substantively the same as those reported here.
comparable between different regressions, so I rely on comparisons of “pivotal statistics” to draw conclusions about statistical significance of effect parameters. Statistics are considered pivotal if their sampling distribution does not depend on unknown parameters, making them a good choice for statistical tests (Shao 2003). I summarize the results of these models graphically in figure E.1, using the distributions of coefficient z-scores\(^4\).

![Mean Predictions and 95% Confidence Intervals](image)

**Figure 4.2**: Simulated Use of Laws over time

Note: Figures shows predicted mean choice probabilities over time and 95% confidence intervals from 1,000 bootstrapped second stage multinomial logit models. Each light gray line or polygon is the predicted policy making behavior of an average government on an average directive, predicted from a single model and overlaid on all other models.

The graphical results show some important support for the theoretical expectations laid out above and also show an unanticipated result. First of all, figure 4.2 demonstrates strong support for the hypothesis that the use of laws will increase with diminishing stability. The mean predicted increase in the predicted probability

\(^4\)The coefficient point estimates divided by their standard errors. An individual coefficient estimate in the bootstrapped second-stage models can be considered statistically significant where the distribution of its z-scores rests largely beyond the threshold of statistical significance. In this case, where the distribution of z-scores is above about 1.96 or lower than -1.96, then the respective coefficient is significant at or beyond the .05 level. Summaries of the z-scores from each second stage model are provided in the appendix, but simulated substantive effects from these models are used to evaluate the hypothesis tested above for robustness to estimation uncertainty.
Figure 4.3: Simulated Use of Administrative measures over time

Note: Figures show predicted mean choice probabilities over time and 95% confidence intervals from 1,000 bootstrapped second stage multinomial logit models. Each light gray line or polygon is the predicted policy making behavior of an average government on an average directive, predicted from a single model and overlaid on all other models.

Figure 4.4: Simulated Use of Ministerial Decrees over time

Note: Figures show predicted mean choice probabilities over time and 95% confidence intervals from 1,000 bootstrapped second stage multinomial logit models. Each light gray line or polygon is the predicted policy making behavior of an average government on an average directive, predicted from a single model and overlaid on all other models.

of an average coalition government using laws or cabinet decrees to transpose an average decree is more than 20 percentage points over the observed range of stability. An increase of substantive size is statistically significant when considering all 95% confidence intervals from the bootstrapped regressions. Correspondingly, 4.4 shows equally strong support for the expectation that ministerial decrees will decrease in
use over the expected duration of the government. Our expectations are not met, however, with regard to figure 4.3. The predicted values clearly show that the effect of stability on administrative rule use is not statistically significant, although, the central predictions are in the expected direction.

Although it is not possible to know with the current data, it could be the case that with more detailed information we would find support for the expectations with regard to administrative rules. These transpositions make up less than one percent of the present data (only 119 of 1,911 transpositions), therefore estimating a clear effect is very difficult under these circumstances.

Taken together, these simulations are strongly supportive of the theoretical expectations for coalition governments with regard to the use of laws and decrees over time. Instability and approaching elections provoke coalition governments to implicate parliament and the full coalition in policy making, even when controlling for features of the directive in question, the coalition in office, and the standard approach to policy making in the respective system. However, early on in the life of the government, much more policy is left in the hands of ministers - i.e. individual parties - making it difficult to connect responsibility for those policies to the entire cabinet. One important aspect of these results is that they largely preclude the main alternative explanation for this phenomenon: that changes in the use of different legislative instruments is driven by efficiency concerns unrelated to blame-shifting motivations. I turn to this issue in a set of robustness checks.
4.5 **Alternative Explanations**

Two key questions confront these findings as a valid test of the proposed theory. First of all, does this test distinguish sufficiently between types of blame-shifting delegation? Secondly, could these patterns in the choice of legislative instrument be driven by other factors, such as efficiency? So, are coalition governments any different from single-party governments? The first issue is crucial because it may be the case that - even if blame-shifting is occurring - it is accomplished by diminishing transparency instead of clarity of responsibility. This would lead us to compare all decrees to parliamentary actions and administrative rules. Since far less information is publicly available about decrees than about laws in parliament, parties may use the less transparent decree power for any unpopular compromises. This finding would be substantively interesting, but would undermine our theoretical expectations about clarity of responsibility. The second issue is important because it may be the case that, all else equal, governments prefer to use decree power all the time because it is efficient. However, over the course of the government more complex policy issues enter the agenda and force the government to more often go through parliament. If this were true, a theory about blame-shifting is completely unnecessary, and single-party governments should exhibit the same behavior as multiparty governments. I examine both of these alternatives in this section.

I address this with a set of regressions in which I code the choice of legislative instrument differently. For these regressions, I define laws as any parliamentary act, decrees as any decree (cabinet or ministerial), and administrative rules the same as above. As before, law transpositions use at least one law, administrative transpositions use at least one administrative rule and no laws, and decree transpositions use only decrees. If it is the case that blame-shifting delegation is accomplished by
diminishing transparency, then we should find that these results are equally strong as those reported in the results section. Because this coding lifts some of the data constraints I described above, I am able to run this robustness check on a larger set of data. For these regressions, I use data on 3,102 transpositions from nine parliamentary democracies (the original five countries, plus Denmark, France, Luxembourg, and Sweden). The results reported in figures 4.5, 4.6, and 4.7 look exactly the same if we were to restrict ourselves to the original sample of five countries.

![Figure 4.5: Simulated Use of Laws over time](image)

Note: Figures shows predicted mean choice probabilities over time and 95% confidence intervals from 1,000 bootstrapped second stage multinomial logit models. Each light gray line or polygon is the predicted policy making behavior of an average government on an average directive, predicted from a single model and overlaid on all other models.

The results in figure 4.7 are reminiscent of those in 4.4, but the confidence intervals have grown larger from the inclusion of cabinet decrees in this coding category. Again, these results look the same if we use only the original five countries, so the introduction of additional countries to the analysis is not responsible for the change. The results in figure 4.5 are much different from those originally reported in figure 4.2. Here, the relationship between parliamentary intervention and the expected duration of the cabinet has become statistically indistinguishable from zero. The results for
Figure 4.6: Simulated Use of Administrative measures over time

Note: Figures shows predicted mean choice probabilities over time and 95% confidence intervals from 1,000 bootstrapped second stage multinomial logit models. Each light gray line or polygon is the predicted policy making behavior of an average government on an average directive, predicted from a single model and overlaid on all other models.

Figure 4.7: Simulated Use of Decrees over time

Note: Figures shows predicted mean choice probabilities over time and 95% confidence intervals from 1,000 bootstrapped second stage multinomial logit models. Each light gray line or polygon is the predicted policy making behavior of an average government on an average directive, predicted from a single model and overlaid on all other models.

administrative rules in figure 4.6 are essentially flat and still insignificant from a statistical perspective.

Not only does this test indicate that diminishing clarity of responsibility is more likely to be the mechanism of blame-shifting than diminishing transparency, it also offers us some perspective on the question of whether coalitions always wish to delegate
for efficiency reasons. If decree power, with its diminished hurdles to enactment and quicker timetable were always preferable to law-making in parliament, then grouping cabinet and ministerial decrees into a single decision category should yield stronger results than splitting them up. Nevertheless, there is still some question as to whether ministerial decision making is simply more efficient than any cabinet-level action. If this is the case, then we should observe that a similar analysis run on single-party governments yields patterns identical to or at least similar to those observed in the results section.

I perform this latter robustness check on a sample of cabinets in France, Luxembourg, Sweden and the United Kingdom. The data includes 848 transpositions by 15 single-party cabinets. Covariates included in the model are the same, with the exception of the number of parties in government and the preference range between coalition partners as these variables have no variation in this sample. The time period remains the same.

The results from this final set of robustness checks provide strong supporting evidence that the trends identified in the results section are a function of the politics of making policy in a coalition government. The findings in figures 4.8, 4.9, and 4.10 are all essentially flat and none are statistically discernible from zero. Single-party governments appear to make delegation decisions in a way that is substantively different from the process undergone by coalition governments. Not only is the relationship between stability and choice of policy-making instrument fundamentally different for single-party governments, the use of decrees and administrative rules is much more pronounced for these governments in general, with laws the least used category. This is in line with expectations from the theoretical framework proposed here because a

\footnote{Excluding the United Kingdom does not alter the results.}
Figure 4.8: Simulated Use of Laws over time
Single-party governments

Note: Figures shows predicted mean choice probabilities over time and 95% confidence intervals from 1,000 bootstrapped second stage multinomial logit models. Each light gray line or polygon is the predicted policy making behavior of an average government on an average directive, predicted from a single model and overlaid on all other models.

Figure 4.9: Simulated Use of Administrative measures over time
Single-party governments

Note: Figures shows predicted mean choice probabilities over time and 95% confidence intervals from 1,000 bootstrapped second stage multinomial logit models. Each light gray line or polygon is the predicted policy making behavior of an average government on an average directive, predicted from a single model and overlaid on all other models.

single party in government has no compromise policies to pass, no coalition partners to blame for bad policy outcomes, and only limited agency loss from delegating to ministers and bureaucrats.
Figure 4.10: Simulated Use of Ministerial Decrees over time
Single-party governments

Note: Figures show predicted mean choice probabilities over time and 95% confidence intervals from 1,000 bootstrapped second stage multinomial logit models. Each light gray line or polygon is the predicted policy making behavior of an average government on an average directive, predicted from a single model and overlaid on all other models.

This section has addressed two important alternative explanations to the theory I have laid out and tested. First, these results indicate that blame-shifting delegation meant to hide policy compromise is accomplished by diminishing clarity of responsibility and not simply transparency. And second, the findings are unlikely to be driven solely by an efficiency-vs.-agency risk trade-off because coalitions use government decrees differently from ministerial decrees and single-party governments’ policy choices exhibit virtually no statistically discernible change over the life of the government.

4.6 DISCUSSION

The findings of this analysis support the key policy-related implication of the theory that coalition governments engage in a form of collusion in order to compromise on policy earlier on in the life of the government. This is manifested in governments’ decreasing willingness to delegate to their partners in power by letting individual
ministers pass policy through secondary legislation as the stability of the government decreases over time. As the end of a coalition government nears - whether for the next elections or in expectation of a dissolution of the government - then coalitions tend to rely more on the policy making tools of primary which afford coalition parties greater opportunity to check their partners’ influence over policy. In other words, as the risk of agency loss for coalition partners increases, it appears that parties seek to keep their partners in government from reneging on coalition policy agreements by using parliamentary law making and cabinet institutions to monitor their prerogatives (Martin and Vanberg 2004; Martin and Vanberg 2011). As long as that risk is in check, however, coalitions leave much policy making to individual ministers, which I have argued is evidence that coalitions achieve compromise policies quietly by delegating.

Furthermore, these analyses suggest that worries about the impact of governing under the pressure of decreasing cabinet stability – which have long motivated scholarly work on cabinet duration – seem to have some previously unappreciated empirical support. Although the trends uncovered in this analysis are not threats to democratic survival, the evidence does suggest that governments’ choice of policy making tools is at least partly a function of partisan strategy. I argue that this is because the choice of legislative instrument is partly aimed at hiding policy compromise from voters early on in the life of the government, and eventually at allowing coalition parties to monitor their partners’ activities. Since this trend ensures that coalitions regularly use policy tools designed to lessen clarity of responsibility, and often also procedural transparency since decree-making is subject to less public scrutiny than parliamentary processes, there are important normative implications to this pattern.

It is worth reiterating that the policies in question in this study are, by and large, minor shifts in the status quo performed to accommodate EU standard-setting. As
mentioned, most Commission directives are meant to regulate issues of concern to ensuring a well-functioning common market in the EU. Thus, these are mostly rule-setting activities rather than the high-profile, high-salience changes in social welfare, tax or immigration policy that one might expect to provoke strategic behavior by parties. Any rule-setting activity must have some marginal distributive impact, but, when taken together, these are anything but headline-grabbing issues. Nevertheless, the stability of the coalition at the highest levels of government still has an impact on how these issues make their way into policy.
Chapter 5

Conclusions

This dissertation fills in a missing piece in our understanding of democratic accountability. Namely, it provides an empirically testable theory of blame shifting delegation and supplies the first two large-N cross-national studies demonstrating that this strategic activity occurs in modern democracies. We have long suspected that when politicians pass policies voters may dislike, and doing so puts valuable political support in jeopardy, they might attempt to dodge accountability by delegating to bureaucrats. I have confirmed previous theoretical results that this is expected when politicians and bureaucrats are policy “allies,” but I have done so with a new model built on explicit and experimentally confirmed assumptions about voters. Chapter 2 formalizes these ideas and demonstrates the conditions under which blame-shifting delegation is a viable and rational option for politicians. The well-defined arrangement of preferences and contextual factors that theoretically enable blame shifting delegation are not particularly common in the simulation experiments presented in that chapter, however the empirical tests in chapters 3 and 4 show that these conditions are not necessarily rare in reality. Indeed, if it is true that minimizing the risk of blame is a primary consideration for politicians (Weaver 1986; Hood 2011), then it is likely that this framework can shed considerably more light on strategic delegation.

The empirical tests, themselves, also contribute to our understanding of their respective subjects. Chapter 3 reports findings that underscore the potentially damaging consequences of the intersecting problems of political corruption (Ágh 1998;
Kaldor and Vejvoda 2002; Sajó 2002; Jancsics et al. 2012) and politicization of the public administration (O’Dwyer 2006; Grzymała-Busse 2007; Meyer-Sahling 2008; Meyer-Sahling and Veen 2012) in transitioning democracies.

Chapter 4 contributes to our understanding of long-standing questions about the operation of coalition governments. Previous research has identified a variety of mechanisms by which coalition members can monitor their partners in government to prevent drift from the government’s initial policy bargain (Thies 2001; Huber and Shipan 2002; Martin and Vanberg 2004; Martin and Vanberg 2005; Martin and Vanberg 2011). My findings provide additional support to the finding that coalitions restrict ministerial discretion to prevent drift (Huber and Shipan 2002), but they go even further and suggest how parties in government might accomplish compromise policies in the first place. Delegating broad discretion to governing partners can allow parties to tacitly agree to their partners’ policy preferences while diminishing the risk of punishment from their own voters for doing so.

**Why is this substantively important?**

Hierarchies, and therefore agency relationships, are fundamental to understanding the functioning of government. Collusion in hierarchies has been studied extensively in the economics literature (Tirole 1986; Kofman and Lawarré 1993; Laffont and Martimort 1998; Baliga 1999; Faure-Grimaud, Laffont and Martimort 2003). However, the focus of that tradition is on how principals might design optimal incentive-aligning contracts to prevent efficiency losses from collusion (Strausz 1997; Faure-Grimaud, Laffont and Martimort 2003). Analogues to many incentive-aligning mechanisms are generally missing from government hierarchies (Moe 1984; Kiewiet and McCubbins 1991), and therefore political science theories of delegation analyze fun-
damentally unique problems which can impact every level of government (Brehm and Gates 1997; Ting 2002; Gailmard 2002; Ting 2003). Political agency problems are resolved primarily through monitoring and limited incentive mechanisms such as defined rewards or punishments. Still, even these simpler incentive mechanisms are often unworkable in government. Miller and Whitford (2006) make this argument and derive formal limits on the ability of public managers to give incentive-compatible bonuses, further noting that even when incentive-compatible contracts for bureaucrats are feasible they are often not used by managers because individuals have too limited an impact on the outcomes they are contracted to produce.

The effort to understand government hierarchies and their implications for accountability and good governance is ongoing, but the potential benefits include fundamental insights into the design of government and the quality of governance. This dissertation is one small contribution to this continuing research program and to our understanding of how political institutions influence governance outcomes.

**Where do we go next?**

Chapter 2 derives five hypotheses from my model of delegation. Many more could be taken from it, but these cover the key insights it provides about blame-shifting delegation. I list them again here for convenience:

**H1:** *As politicians and bureaucrats agree more on policies voters dislike we should observe more delegation.*

**H2a:** *H1 is more/less likely to operate as delegated policy features less/more clarity of responsibility relative to legislated policy.*
H2b: *H1 is more/less likely to operate as political control over bureaucrats diminishes/improves.*

H3: *H1 is more/less likely to operate as politicians are increasingly/decreasingly motivated to seek reelection or to please a set of important voters.*

H4: *H1 is less/more likely to operate as the political opposition represents a more/less credible promise of progress on the relevant policy dimension.*

Chapters 3 and 4 addressed hypotheses 1 and 2b and 1 and 3, respectively. Future research will be important to provide further confirmation of the support found here for these expectations. However, I have not even approached two of these in this dissertation. These remaining two also address crucial features of policy making and governance, and require their own examination.

Hypothesis 2a concerns the uncertainty of legislated policy outcomes relative to delegated outcomes, while hypothesis 4 deals with the credibility of the political opposition. The former depends not only on the technical uncertainty inherent in policy making, but also on the level of political control over bureaucrats. Increasingly technical or uncertain policies, which lend themselves to bureaucratic policy making, may also increase the scope for blame shifting. Likewise, as political and bureaucratic influence are more equally balanced, the clarity of responsibility of bureaucratic policy decreases relative to legislation.\(^1\) As for the latter, hypothesis 4, I show in chapter 2 that the opportunity for blame-shifting delegation disappears completely once challenger quality rises above a certain level.\(^2\)

---

\(^1\)See equation A.5 and figure 2.3

\(^2\)See figure 2.6
The upshot of these expectations is that the scope for shifting blame by delegating, and therefore the scope for this aspect of political accountability, depends on the policy area under consideration, the level of bureaucratic control, and the competitiveness of elections. These are all novel expectations relative to previous research and require further testing to assess.
Appendices
Appendix A

Ch. 2: Model details

Voters

I consider three conjectures about voter decision making:

1. Treat $\mu_t$ as a noisy signal of incumbents’ future performance. Extract from that signal the amount of blame or credit due to the incumbent. Support incumbent if $(\tau - \mu_{t-1}) < (\mu_t - \mu_{t-1}) \times (\% \text{ of incumbent’s responsibility})$.

2. Assume $E[u_{v,t+1}(s = 1)] = (\mu_t - \mu_{t-1}) + \mu_t$. Support incumbent if $(\tau - \mu_{t-1}) < (\mu_t - \mu_{t-1})$.

3. Set a rule, $x$, mapping policy outcomes to vote choice, such that whenever $(\mu_t - \mu_{t-1}) \geq x$ voters support the incumbent.

The latter two imply obvious rules about when to support incumbents, motivated by simple models of politics. Under the second, voters assume that policy changes this period perfectly predict policy change next period under the incumbent. Under the third, voters assume incumbents can be given an incentive to perform well and they set a minimum standard accordingly - enforcing good performance by disregarding the relative quality of the challenger to maintain the credibility of the threat to punish bad performance.

The first rule uses a more complex model of politics, taking into account voters’ uncertainty about the policy-making process. Based on available information,
voters partition responsibility for outcomes under the assumption that incumbents pass policies they prefer. Since voting happens after outcomes are realized, voters’ primary concern is with the incumbent’s and challenger’s expected policy choices (preferences) next period. Voters’ maximize their expected utility by choosing the candidate yielding a higher $E[\mu_{t+1}]$: the expected policy outcome next period. Since, $E[\mu_{t+1}] = \mu_t + E[c_{t+1}] + E[\epsilon_{t+1}]$ the question is whether $E[c_{t+1}]$ is maximized with the challenger or by sticking to the incumbent.\footnote{Note that I denote policy choices in many places in this section with a generic $c_t$, without specifying whether policy was legislated or delegated. This notational choice is only used where the distinction is unimportant to the discussion. Wherever the distinction is relevant for voter decision making, the more specific notation of $c_{p,t}$, for legislated policy, or $c_{b,t}$, for delegated policy, is used.}

By assumption, voters believe that politicians will set policy at their respective preferences in the next period, if elected. For simplicity, I treat $\tau$ as an expectation about how the challenger will move policy in the next period, subject to future political circumstances. Where this is high, the challenger is considered to be of higher quality, more electable, more trustworthy, etc. Where it is lower, the challenger is less highly qualified, or less reliable. Thus, $E[c_{t+1}]$ under the challenger is simply equal to $\tau$. The incumbent, on the other hand, has a policy record which anchors voters’ expectations. Thus, voters build expectations about future performance from the incumbent’s policy record and their present performance:

$$E[c_{t+1}](\text{incumbent}) = E[P_{t+1}] - \mu_t$$

$$= E[c_t] + \mu_{t-1} + E[P_{t+1} - \mu_{t-1} - c_t] - \mu_t$$

$$= E[c_t] + \mu_{t-1} + E[\epsilon_{P,t+1}] - \mu_t$$

$$= E[c_t] + \mu_{t-1} + 0 - \mu_t. \quad \text{(A.1)}$$
Expression A.1 decomposes $P_{t+1}$ into the most recent status quo ($\mu_{t-1}$), the incumbent’s policy choice this period ($c_t$), and a familiar mean-zero disturbance $\epsilon_{P,t+1}$.

In order to make their choice, voters need an estimate of the unobserved parameter $c_t$. In other words, they want to determine what portion of $\mu_t - \mu_{t-1}$ is attributable to incumbents’ choices. Voters have the following information to work with in doing so:

1. Policy outcomes, $\mu_t$

2. The incumbent’s policy record, $c_{t-1}$

3. Whether policy this period was legislated or delegated

4. The extent of political control of bureaucrats: $\gamma$

5. The variances of shocks: $\sigma^2_{law,t}$, $\sigma^2_{bur,t}$, $\sigma^2_{P,t}$, and $\sigma^2_{B,t}$

Using these together, voters can make an informed estimate of $E[c_{p,t}|\mu_t]$ or $E[c_{b,t}|\mu_t]$, depending on whether incumbents legislate or delegate. I begin by rearranging $\mu_t$ into observable and unobservable parts. From voters’ perspective, when incumbents legislate:

$$\mu_t = \mu_{t-1} + c_{law,t} + \epsilon_{law,t}$$

where, $c_{law,t} = c_{t-1} + \epsilon_{p,t}$

$$\mu_t - \mu_{t-1} - c_{t-1} = \epsilon_{p,t} + \epsilon_{law,t}$$  \hspace{1cm} (A.2)

For the incumbent, $\epsilon_{p,t} = P_t - c_{t-1}$ and is, again, marginally distributed with known variance: $\epsilon_{p,t} \sim N(0, \sigma^2_{P,t})$. 

---

\[2\]
The voter can extract information about performance from observables. The sum on the right in equation A.2 is the visible total change in the status quo policy, and is jointly distributed:

$$\epsilon_p, t + \epsilon_{law, t} = k_{law, t} \sim \mathcal{N}(0, \sigma_{P, t}^2 + \sigma_{law, t}^2)$$

The total change brought by legislation, $k_{law, t}$, is a sum of mean-zero normal distributions. We can use standard results\(^3\) to derive the following expression for $E[\epsilon_p, t | k_{law, t}]$: voters’ perception of the proportion of blame or credit due incumbents.

$$E[\epsilon_p, t | k_{law, t}] = \frac{\sigma_{P, t}^2}{\sigma_{P, t}^2 + \sigma_{law, t}^2}$$  \hspace{1cm} (A.3)

This model of performance accountability borrows from economic voting models (Alesina and Rosenthal 1995; Duch and Stevenson 2008) in which voters are uncertain of incumbent responsibility for economic outcomes (see also: Alesina, Londregan and Rosenthal 1993; Cukierman 1984). These models treat incumbents’ performance as a mean-zero random disturbance which is correlated period-to-period. An important difference is that incumbents’ performance in the present model is a set of strategic choices. Voters, not observing this, rely on a simplified model of the process to make decisions in response to outcomes. An analogous derivation yields political responsibility for delegated policy. If we define similarly to $\epsilon_{P, t}$: $\epsilon_{B, t} = B_t - \mu_{t-1}$,

\(^3\)See Greene (2003)
then delegated policy changes are produced as follows from the voter’s perspective:

\[ \mu_t = \mu_{t-1} + c_{b,ur,t} + \epsilon_{b,ur,t} \]

with,

\[ c_{b,ur,t} = c_{t-1} + \epsilon_{p,t} \gamma + \epsilon_{b,t}(1-\gamma) \]  

(A.4)

\[
\begin{align*}
\text{observed} & \quad \text{unobserved} \\
\mu_t - \mu_{t-1} - c_{t-1} & = \epsilon_{p,t} \gamma + \epsilon_{b,t}(1-\gamma) + \epsilon_{b,ur,t}
\end{align*}
\]

Notice equation A.4 explicitly recognizes that bureaucratic policy depends on both incumbents’ and bureaucrats’ preferences. Furthermore, since I have assumed voters know the value of \( \gamma \), this perception can be further nuanced by partitioning blame using the degree of bureaucratic control. Electoral accountability is aimed at incumbents, therefore the voter extracts as much information as possible from observables about the incumbent’s individual performance. Again, total change in the status quo is distributed:

\[
\epsilon_{p,t} \gamma + \epsilon_{b,t}(1-\gamma) + \epsilon_{b,ur,t} = k_{b,ur,t} \sim \mathcal{N}(0, \gamma^2 \sigma_{P,t}^2 + (1-\gamma)^2 \sigma_{B,t}^2 + \sigma_{b,ur,t}^2)
\]

Applying standard results again, we arrive at the following expression for voters’ perception of the proportion of blame or credit due incumbents for delegated policy outcomes:

\[
E[\epsilon_{p,t}|k_{b,ur,t}] = \frac{\sigma_{P,t}^2 \gamma^2 + \sigma_{B,t}^2 (1-\gamma)^2}{\sigma_{P,t}^2 \gamma^2 + \sigma_{B,t}^2 (1-\gamma)^2 + \sigma_{b,ur,t}^2}
\]  

(A.5)
These conditional expectations, multiplied by the total change in the status quo, stand in for voters’ expected utility from supporting the incumbent:

\[
E[u_v(s = 1) | \text{Legislate}] = \frac{\sigma^2_{P,t}}{\sigma^2_{P,t} + \sigma^2_{law,t}} \times (\mu_t - \mu_{t-1})
\]

\[
E[u_v(s = 1) | \text{Delegate}] = \frac{\sigma^2_{P,t} \gamma^2 + \sigma^2_{B,t}(1 - \gamma)^2}{\sigma^2_{P,t} \gamma^2 + \sigma^2_{B,t}(1 - \gamma)^2 + \sigma^2_{bar,t}} \times (\mu_t - \mu_{t-1})
\]

I turn now to best responses for bureaucrats and incumbents, depending on voters’ decision rule. Derivations in the next two sections describe the actual policy-making process and therefore do not map perfectly onto voters’ perceptions of the policy-making process, as seen in this section. From here on, the policy-making process is treated as strategic, that is, preferences for policy and reelection, combined with expectations about voters’ decision making, lead to optimal policy choices.

**Bureaucrats**

Bureaucrat’s have a well-defined optimal strategy. To recap, the bureaucrat’s utility is:

\[
u_{b,t} = -(1 - \gamma)(\mu_t - B_t)^2 - \gamma(\mu_t - P_t)^2, \quad \text{or} \]

\[
u_{b,t} = -(1 - \gamma)(\mu_{t-1} + c_t + \epsilon_t - B_t)^2 - \gamma(\mu_{t-1} + c_t + \epsilon_t - P_t)^2.
\]

\footnote{Note that equations A.6 and A.6 modify only the observed change in the status quo \((\mu_t - \mu_{t-1})\) with the proportion of blame attributed to incumbents. Another reasonable assumption would be to also subtract from this the incumbent’s reputation such that we multiply \((\mu_t - \mu_{t-1} - c_{t-1})\) by the proportion of blame due to the incumbents in time \(t\). I have used the former version here because policy change relative to the current status quo is the key quantity for determining voters’ future utility. Since incumbents’ current policy reputation has no impact on next period’s outcomes, this is the most reasonable formulation. However, either subtracting or adding the policy reputation, \(c_{t-1}\), has no substantive impact on the main results. I leave further exploration of this assumption, or consideration of longer-lasting policy reputation effects, for future analyses.}
B has complete information about incumbents’ preferences, $P_t$, but is ignorant of the realization of $\epsilon_{bur,t}$ until it becomes common knowledge when the final outcome of policy is revealed before elections. The only information available about $\epsilon_{bur,t}$ is its distribution (see footnote 6). The expected utility of a given policy choice, $c_{b,t}$ is, thus:

$$E[u_{b,t}(c_{b,t})] = E[-(1 - \gamma)(\mu_{t-1} + c_{b,t} + \epsilon_{bur,t} - B_t)^2 - \gamma(\mu_{t-1} + c_{b,t} + \epsilon_{bur,t} - P_t)^2]$$

$$E[u_{b,t}(c_{b,t})] = -(1 - \gamma)(\mu_{t-1} + c_{b,t} - B_t)^2 - \gamma(\mu_{t-1} + c_{b,t} - P_t)^2 - \sigma_{bur,t}^2(1 - \gamma) - \gamma\sigma_{bur,t}^2$$ (A.6)

Maximizing this for an optimal $c^*_{b,t}$ yields the best choice of bureaucratic policy. I perform this optimization via numerical methods.

Politicians

Politicians make two decisions: (a) legislate or delegate and (b) choose the optimal law in the event that policy is legislated. Since the incumbent compares legislation to delegation, I examine the optimal choice of law first and proceed backward up the order of moves to the first choice. Since incumbents care about reelection and policy, the optimal $c^*_{p,t}$ depends on the current situation and voters’ likely decision given subsequent shocks to the policy outcome. To recap, incumbents’ utility is:

$$u_{p,t} = -(\mu_t - P_t)^2 + \delta s,$$

or

$$u_{p,t} = -(\mu_{t-1} + c_{p,t} + \epsilon_{law,t} - P_t)^2 + \delta s$$ (A.7)
Thus, the expected utility of any policy $c_{p,t}$ is:

$$E[u_{p,t}(c_{p,t})] = E[-(\mu_{t-1} + c_{p,t} + \epsilon_{law,t} - P_t)^2 + \delta s]$$

$$= E[-(\mu_{t-1} + c_{p,t} + \epsilon_{law,t} - P_t)^2] + \delta E[s]$$

$$= -(\mu_{t-1} + c_{p,t} - P_t)^2 - \sigma_{law,t}^2 + \delta E[s] \quad (A.8)$$

The uncertain parameter $\epsilon_{law,t}$ has a distribution centered around zero, therefore $E[\epsilon_{law,t}^2] = \sigma_{law,t}^2$, leaving us with equation A.8. The value of $E[s]$ - an indicator for voter support - is determined by the decision rules outlined above. Mathematical expressions of each rule are:

**Rule 1:** $s = \begin{cases} 
1 & \text{if } \frac{\sigma_{P,t}^2}{\sigma_{P,t}^2 + \sigma_{law,t}^2} \times (\mu_t - \mu_{t-1}) \geq \tau; \\
0 & \text{otherwise}. 
\end{cases}$

**Rule 2:** $s = \begin{cases} 
1 & \text{if } \mu_t - \mu_{t-1} \geq \tau; \\
0 & \text{otherwise}. 
\end{cases}$

**Rule 3:** $s = \begin{cases} 
1 & \text{if } \mu_t - \mu_{t-1} \geq x; \\
0 & \text{otherwise}. 
\end{cases}$

The value of $E[s]$ becomes the probability of voter support given the voting rule in use. This is calculable because the distribution of $\epsilon_{law,t}$ gives the probability of shocks great enough in magnitude to change the value of the relevant inequality. These are:

**Rule 1:** $P(s = 1) = 1 - \Phi\left( \frac{\tau}{\sigma_{P,t}^2 + \sigma_{law,t}^2} \times (\mu_{t-1} + c_{p,t}) \right)$

**Rule 2:** $P(s = 1) = 1 - \Phi\left( \frac{\tau - (\mu_{t-1} + c_{p,t})}{\sigma_{law,t}} \right)$

**Rule 3:** $P(s = 1) = 1 - \Phi\left( \frac{x - (\mu_{t-1} + c_{p,t})}{\sigma_{law,t}} \right)$
Using these expressions, we can write the $E[u_{p,t}(c_{p,t})]$ for each voting rule:

**Rule 1:** \[ E[u_{p,t}(c_{p,t})] = - (\mu_{t-1} + c_{p,t} - P_t)^2 - \sigma^2_{law,t} + \delta \times \left( 1 - \Phi \left( \frac{\tau - (\mu_{t-1} + c_{p,t})}{\sigma_{law,t}} \right) \right) \]

**Rule 2:** \[ E[u_{p,t}(c_{p,t})] = - (\mu_{t-1} + c_{p,t} - P_t)^2 - \sigma^2_{law,t} + \delta \times \left( 1 - \Phi \left( \frac{x^* - (\mu_{t-1} + c_{p,t})}{\sigma_{law,t}} \right) \right) \]

**Rule 3:** \[ E[u_{p,t}(c_{p,t})] = - (\mu_{t-1} + c_{p,t} - P_t)^2 - \sigma^2_{law,t} + \delta \times \left( 1 - \Phi \left( \frac{x^* - (\mu_{t-1} + c_{p,t})}{\sigma_{law,t}} \right) \right) \]

Again, I numerically optimize these in the simulations to find the $c^*_{p,t}$ maximizing each expression. The final step to solve the game is evaluating the chronologically first strategic move. This is the choice between legislating or delegating, i.e. $E[u_{p,t}(c^*_{p,t})]$ and $E[u_{p,t}(c^*_{b,t})]$. To solve this, we need the incumbent’s expected utility from optimal bureaucratic policy. Voters’ decision rules two and three disregard whether policy is legislated or delegated, therefore I note only how the decision rule changes for rule one:

**Rule 1:** \[ s = \begin{cases} 
1 & \text{if } \frac{\sigma^2_{P,t} + \sigma^2_{b,t}(1-\gamma)^2 - 2\sigma^2_{P,t} \gamma + \sigma^2_{b,t}(1-\gamma)^2}{\sigma^2_{P,t} + \sigma^2_{b,t}(1-\gamma)^2 + \sigma^2_{bur}} \times (\mu_t - \mu_{t-1}) \geq \tau; \\
0 & \text{otherwise.} 
\end{cases} \]

The corresponding probabilities of voter support following delegated policy, are:

**Rule 1:** \[ P(s = 1) = 1 - \Phi \left( \frac{\tau - (\mu_{t-1} + c^*_{p,t})}{\sigma_{bur,t}} \right) \]

**Rule 2:** \[ P(s = 1) = 1 - \Phi \left( \frac{x^* - (\mu_{t-1} + c^*_{b,t})}{\sigma_{bur,t}} \right) \]

**Rule 3:** \[ P(s = 1) = 1 - \Phi \left( \frac{x^* - (\mu_{t-1} + c^*_{b,t})}{\sigma_{bur,t}} \right) \]

It is a simple matter of substituting the maximum of expression A.6 for $c^*_{b,t}$ in the following expressions to arrive at $E[u_{p,t}(c^*_{b,t})]$ under each voting rule:
Rule 1: \( E[u_{p,t}(c_{b,t}^*)] = - (\mu_{t-1} + c_{b,t}^* - P_t)^2 - \sigma_{bur,t}^2 + \delta \times \left( 1 - \Phi \left( \frac{\tau - \sigma_{P,t}^2 \gamma^2 + \sigma_{B,t}^2 (1-\gamma)^2 \times (\mu_{t-1} + c_{b,t}^*)}{\sigma_{P,t}^2 \gamma^2 + \sigma_{B,t}^2 (1-\gamma)^2 + \sigma_{bur,t}^2} \right) \right) \)

Rule 2: \( E[u_{p,t}(c_{b,t}^*)] = - (\mu_{t-1} + c_{b,t}^* - P_t)^2 - \sigma_{bur,t}^2 + \delta \times \left( 1 - \Phi \left( \frac{\tau - (\mu_{t-1} + c_{b,t}^*)}{\sigma_{bur,t}} \right) \right) \)

Rule 3: \( E[u_{p,t}(c_{b,t}^*)] = - (\mu_{t-1} + c_{b,t}^* - P_t)^2 - \sigma_{bur,t}^2 + \delta \times \left( 1 - \Phi \left( \frac{\tau - (\mu_{t-1} + c_{b,t}^*)}{\sigma_{bur,t}} \right) \right) \)
Table B.1, below, reports all of the model parameters with their respective supports. As in the actual policy making process, outcomes in this model are dependent on certain starting conditions. The parameters determining these are marked with a dagger in the table.

Assumptions about the support of these free parameters are weak enough to allow for a variety of quite extreme circumstances. The support of $\tau$, the quality of the challenger to the incumbent, is a function of two considerations. First, scaling the parameter by the standard error of the distribution of incumbent policy preferences encodes a natural comparability into the term. Secondly, to bound the term for the grid search, I use the probit transformation on values falling in the zero to one interval. The result is that the analysis restricts consideration to challengers similar to the vast majority of incumbents and avoids analyzing many exceptional situations in which there is an enormous gap between the electoral value of the challenger and the incumbent. By a similar logic, the support of the value of voter support (or value of reelection) varies from zero to a maximum equal to the ideological “cost” paid by a politician realizing a policy outcome three standard deviations from his or her ideal policy. Again, any number of choices could be made, but this decision complements the specification of the incumbent’s utility function and restricts our focus to situations in which there is great variation in the value of seeking voter support.
Finally, the status quo and the politician’s ideal policy outcome in the last period must have support over the whole real line. Practically speaking, however, these parameters have little importance to the predictions of the model, and, by extension, no meaningful impact on the strategic choices being modeled.

Covering the full feature space of the model, by including solutions to the model that cover all possible combinations of the free parameters of the model is key to ensuring that computational solutions are reliable. The simulation experiment does not systematically accomplish this, but the final analysis does by implementing a systematic grid search over values of the five key parameters which allows me to characterize complete conditions for the main equilibrium.

The relevant parameters to search over are the value of voter support \( (\delta) \), political control of bureaucrats \( (\gamma) \), challenger quality \( (\tau) \), and the two competence signals from expressions A.3 and A.5. Scatterplot matrices of the coverage of these five parameters in all simulations are included below. For tractability, these are presented as hexbin plots - i.e. hexagon-shaped regions of the plot are shaded according to the density of scatterplot coverage in the respective region. This is computationally fast for large data sets as it avoids plotting millions of data points in the larger matrix and neatly avoids overplotting.
Table B.1: Model parameters with respective supports

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Notation</th>
<th>Known to Pol.</th>
<th>Known to Bur.</th>
<th>Known to Voter</th>
<th>Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current status quo†</td>
<td>$\mu_{t-1}$</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>$\mathbb{R}$</td>
</tr>
<tr>
<td>Last period status quo</td>
<td>$\mu_{t-2}$</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>$\mathbb{R}$</td>
</tr>
<tr>
<td>Current period policy outcome</td>
<td>$\mu_t$</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>$\mathbb{R}$</td>
</tr>
<tr>
<td>Politician’s past record</td>
<td>$c_{t-1}$</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>$\mathbb{R}$</td>
</tr>
<tr>
<td>Var. of politician’s preferences†</td>
<td>$\sigma_{P,t}^2$</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>$(0, \infty)$</td>
</tr>
<tr>
<td>Var. of bureaucrat’s preferences†</td>
<td>$\sigma_{B,t}^2$</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>$(0, \infty)$</td>
</tr>
<tr>
<td>Politician’s ideal policy</td>
<td>$P_t$</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>$\mathbb{R}; \mathcal{N}(0, \sigma_{P,t}^2)$</td>
</tr>
<tr>
<td>Bureaucrat’s ideal policy</td>
<td>$B_t$</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>$\mathbb{R}; \mathcal{N}(0, \sigma_{B,t}^2, t)$</td>
</tr>
<tr>
<td>Policy choice</td>
<td>$c_t, c_{p,t}, c_{b,t}$</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>$\mathbb{R}$</td>
</tr>
<tr>
<td>Var. of shocks to bur. policy†</td>
<td>$\sigma_{b_{urt}}^2$</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>$(0, \infty)$</td>
</tr>
<tr>
<td>Var. of shocks to laws†</td>
<td>$\sigma_{l_{aw,t}}^2$</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>$(\sigma_{b_{urt}}^2, \infty)$</td>
</tr>
<tr>
<td>Realized shock to bur. policy</td>
<td>$\epsilon_{b_{urt},t}$</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>$\mathbb{R}; \mathcal{N}(0, \sigma_{b_{urt}}^2)$</td>
</tr>
<tr>
<td>Realized shock to law</td>
<td>$\epsilon_{l_{aw,t},t}$</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>$\mathbb{R}; \mathcal{N}(0, \sigma_{l_{aw,t}}^2)$</td>
</tr>
<tr>
<td>Challenger quality†</td>
<td>$\tau$</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>$\Phi^{-1}([0,1]) \times \sigma_P$</td>
</tr>
<tr>
<td>Political control of bureaucrats†</td>
<td>$\gamma$</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>$[0,1]$</td>
</tr>
<tr>
<td>Value of voter support† (scaled by variance of pol’s preferences)</td>
<td>$\delta$</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>$[0,1] \times (3\sigma_{P,t})^2$</td>
</tr>
</tbody>
</table>

†: Simulations randomize over these parameters at each iteration as starting conditions.
Note, in figure B.1, that the shapes in the densities of bivariate coverage follow from the specification of the distributions of the respective parameters. These patterns are no longer visible in figure B.4 as the simulations are conducted specifically to ensure equal coverage of each part of the feature space.

Figure B.1: Hexbin scatter plot matrix of key parameters in Rule One simulation experiment
Note: Darker colors indicate relatively denser coverage. Both axes of each subplot vary from zero to one. Scales have been removed to improve readability of labels.

The grid search simulations are conducted by solving the game for every permutation, with repetition, of a grid of 20 evenly spaced values along the zero to one interval. This results in a total of $20^5 = 3,200,000$ simulated solutions. However, not all of these permutations allow for other parameter values to lie within their theoret-
Figure B.2: Hexbin scatter plot matrix of key parameters in Rule Two simulation experiment
Note: Darker colors indicate relatively denser coverage.

Figure B.3: Hexbin scatter plot matrix of key parameters in Rule Three simulation experiment
Note: Darker colors indicate relatively denser coverage.
Figure B.4: Hexbin scatter plot matrix of key parameters in grid search
Note: Darker colors indicate relatively denser coverage. Both axes of each subplot vary from zero to one. Scales have been removed to improve readability of labels.

atical support. These “illegal” permutations have been dropped. This accounts for the variation in coverage density seen in figure B.4. I explain in more detail.

The values of the two competence signals from expressions A.3 and A.5 are functions of political control of bureaucrats, $\gamma$, and the variances of shocks to legislation and delegated policy. Since the simulations search over a grid of values for both signals and $\gamma$, I solve for the implied values of policy variances for each permutation and use these values to solve the model. The variance parameters have a support bounded at zero and unbounded up to positive infinity. Excluded permutations are
only those bound to result in negative variances to policy shocks.
Appendix C

Ch. 3: Tables

Table C.1: Factor Analysis of BEEPS index questions by year

<table>
<thead>
<tr>
<th>To what extent are the following an obstacle to business:</th>
<th>Scores for single factor (non-rotated)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1999</td>
</tr>
<tr>
<td>the sale of Parliamentary votes on laws to private interests</td>
<td>0.8633</td>
</tr>
<tr>
<td>the sale of Presidential/government decrees to private interests</td>
<td>0.8633</td>
</tr>
<tr>
<td>Cronbach’s Alpha</td>
<td>0.8864</td>
</tr>
</tbody>
</table>

Factor analyses conducted for variables in respective years of BEEPS survey. Estimates are not comparable across years, except as indicators of relative goodness-of-fit. Cronbach’s alpha is a measure of appropriateness for indicators included in an index, varying from zero to one; higher values indicate better fit.
### Table C.2: Summary Statistics

<table>
<thead>
<tr>
<th></th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Median</th>
<th>Std Dev</th>
<th>Obs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country</td>
<td>1</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2595</td>
</tr>
<tr>
<td>Directive</td>
<td>1</td>
<td>648</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2595</td>
</tr>
<tr>
<td>Directive Policy Area</td>
<td>1</td>
<td>11</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2595</td>
</tr>
<tr>
<td>Transposition Measures (DV)</td>
<td>1</td>
<td>21</td>
<td>2.47</td>
<td>2</td>
<td>2.16</td>
<td>2595</td>
</tr>
<tr>
<td>Political Corruption</td>
<td>0.02</td>
<td>0.4</td>
<td>0.06</td>
<td>0.04</td>
<td>0.04</td>
<td>2595</td>
</tr>
<tr>
<td>Largest Party Seat Share</td>
<td>0.18</td>
<td>0.57</td>
<td>0.37</td>
<td>0.35</td>
<td>0.07</td>
<td>2595</td>
</tr>
<tr>
<td>Cabinet Electoral Volatility</td>
<td>0.02</td>
<td>0.52</td>
<td>0.24</td>
<td>0.23</td>
<td>0.12</td>
<td>2595</td>
</tr>
<tr>
<td>Regulatory Quality</td>
<td>-0.1</td>
<td>1.36</td>
<td>0.87</td>
<td>0.96</td>
<td>0.34</td>
<td>2595</td>
</tr>
<tr>
<td>Bureaucratic Corruption</td>
<td>0.07</td>
<td>0.45</td>
<td>0.21</td>
<td>0.22</td>
<td>0.06</td>
<td>2595</td>
</tr>
<tr>
<td>Ideological Distance</td>
<td>0</td>
<td>41.6</td>
<td>10.95</td>
<td>11.98</td>
<td>8.09</td>
<td>2595</td>
</tr>
<tr>
<td>Directive Wordcount</td>
<td>28</td>
<td>108266</td>
<td>2991.51</td>
<td>1190</td>
<td>7470.14</td>
<td>2595</td>
</tr>
<tr>
<td>Number of Parties</td>
<td>0</td>
<td>3</td>
<td>1.69</td>
<td>2</td>
<td>0.88</td>
<td>2595</td>
</tr>
<tr>
<td>Year Before Accession</td>
<td>0</td>
<td>1</td>
<td>0.66</td>
<td>1</td>
<td>0.48</td>
<td>2595</td>
</tr>
</tbody>
</table>
Table C.3: Model Results

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Estimate</td>
<td>C.I.</td>
<td>Estimate</td>
<td>C.I.</td>
<td>Estimate</td>
</tr>
<tr>
<td>Political Corruption</td>
<td>5.6</td>
<td>[2.8, 8.3]</td>
<td>-5.9</td>
<td>[-9.6, -2.4]</td>
<td>-23</td>
</tr>
<tr>
<td>Bureaucratic Corruption</td>
<td>0.95</td>
<td>[0.19, 1.7]</td>
<td>0.2</td>
<td>[-0.58, 0.96]</td>
<td>1.8</td>
</tr>
<tr>
<td>Ideological Distance</td>
<td>-0.0056</td>
<td>[-0.01, -0.0011]</td>
<td>-0.0062</td>
<td>[-0.011, -0.0014]</td>
<td>0.0091</td>
</tr>
<tr>
<td>Number of Parties</td>
<td>8.1e-06</td>
<td>[4.9e-06, 1.2e-05]</td>
<td>8.9e-06</td>
<td>[5.8e-06, 1.2e-05]</td>
<td>8e-06</td>
</tr>
<tr>
<td>Word Count</td>
<td>0.14</td>
<td>[0.1, 0.19]</td>
<td>0.14</td>
<td>[0.11, 0.18]</td>
<td>0.028</td>
</tr>
<tr>
<td>Year Before Accession</td>
<td>0.37</td>
<td>[0.29, 0.44]</td>
<td>0.35</td>
<td>[0.27, 0.43]</td>
<td>0.42</td>
</tr>
<tr>
<td>Largest Seat Share</td>
<td>3</td>
<td>[2.3, 3.7]</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cabinet Electoral Volatility</td>
<td>-</td>
<td>-</td>
<td>-2.4</td>
<td>[-2.9, -1.8]</td>
<td>-</td>
</tr>
<tr>
<td>Regulatory Quality</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-1.2</td>
</tr>
<tr>
<td>Pol. Corruption * Seat Share</td>
<td>-31</td>
<td>[-41, -22]</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Pol. Corruption * Volatility</td>
<td>-</td>
<td>-</td>
<td>13</td>
<td>[2.8, 24]</td>
<td>-</td>
</tr>
<tr>
<td>Pol. Corruption * Reg. Quality</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>22</td>
</tr>
<tr>
<td>Intercept</td>
<td>-0.5</td>
<td>[-0.89, -0.13]</td>
<td>1.2</td>
<td>[0.81, 1.5]</td>
<td>1.3</td>
</tr>
<tr>
<td>Overdispersion (variance)</td>
<td>0.14</td>
<td>[0.12, 0.17]</td>
<td>0.13</td>
<td>[0.11, 0.16]</td>
<td>0.13</td>
</tr>
<tr>
<td>Policy Area (variance)</td>
<td>0.075</td>
<td>[0.015, 0.24]</td>
<td>0.089</td>
<td>[0.021, 0.26]</td>
<td>0.089</td>
</tr>
<tr>
<td>N</td>
<td>2595</td>
<td></td>
<td>2595</td>
<td></td>
<td>2595</td>
</tr>
<tr>
<td>DIC</td>
<td>9284.201</td>
<td></td>
<td>9238.993</td>
<td></td>
<td>9285.379</td>
</tr>
</tbody>
</table>

Note: Table contains coefficient estimates, credible intervals, numbers of observations and deviance information criteria from models run using unstandardized data.
APPENDIX D

CH. 3: MODEL CHECKING

Each reported model is a Poisson GLM regression estimated with Bayesian Markov Chain Monte Carlo using the \texttt{MCMCglmm} R package (Hadfield 2010). Over-dispersion is dealt with additively with the addition of an “error” term having an estimated variance so that the expected value of $y$ is modeled as:

$$E[y] = \exp(X\beta + Zu + e) \quad (D.1)$$

The error term, $e$, is a normally distributed, mean zero disturbance whose variance is estimated. The second term in the equation, $Zu$, is a vector of random intercepts, $u$, and a design matrix, $Z$. In our case, this design matrix is a set of indicator variables for the policy area of the respective European Commission directive. The effect of a directive’s policy area is treated as random, with the effect of each respective policy area modeled as a draw from a mean zero, normally distributed disturbance. I estimate the variance of this distribution of random policy area intercepts. The first term of the equation is the standard $X\beta$: a design matrix of covariates, $X$, and a vector of estimated parameters, $\beta$.

The observed data, counts of execution measures, are thus assumed to be Poisson distributed random variables. The expectations of these are equal to exponentiated latent variables:
\[ y \sim \text{Pois}(\exp(X\beta + Zu + e)) \]  \hspace{1cm} (D.2)

These respective latent variables are estimated, but not preserved. I report only summaries of the posterior marginal distributions of the fixed and random effect parameters. Each model was run for 200,000 iterations with a burn-in of 20,000 iterations. Priors on fixed parameters are multivariate normal with a mean vector of zeros and large variances (1e+10). Over-dispersion is modeled additively by the addition of a residual parameter with an estimated variance, and a random intercept variance by policy area is estimated. Inverse-Wishart priors are used on both residual and random effect variances with a variance of one and a small degree of belief parameter equal to .002, appropriate for little expectation of group or observation variance.

To assess model fit, in addition to coefficient graphs in the text, I provide here a plot of Geweke convergence diagnostics from each model and a plot of the accuracy of in-sample forecasts. The Geweke diagnostic is the test statistic of a difference of means test conducted on the first ten per cent and the last fifty per cent of draws from the posterior marginal distributions of each estimate. These can be seen in the dotplot in figure D.1.

The Geweke diagnostics for each estimate fall within the -2 to 2 range, indicating that the means of these portions of the respective chains are not significantly different from one another and therefore the chains have sufficiently converged. The fit of the model, on the other hand is assessed in the forecasts in figure D.2. These pictures are graphical contingency tables of 500 in-sample forecasts for each observation in the data plotted against the respective actual values of the response variable. That is, for each predicted value from each model, 500 random draws were taken from a
Poisson distribution with the respective expected value. The size of each square at the intersection of an actual value plotted against different forecast values reflects the relative number of forecasts that fall at that intersection.

This graphic indicates that not all variables that determine the actual number of execution measures are included in the models. The forecasts generally under-predict the actual number of execution measures used for most observations. This is no surprise considering that many transposition reports include some superfluous additional measures, such as correlation tables indicating the fit of EU to national law, which have no strategic meaning explained by this theory. Importantly, however, there is no evidence of inconsistencies in the forecasts, only a regular under-estimation.
Figure D.1: Geweke convergence diagnostics for all estimates
Note: Black dots are Geweke convergence diagnostics for each parameter estimate. That is, these are test statistics of a difference of means test conducted on the first 10% and the final 50% percent of each respective parameter’s Markov chain draws. Non-significant results, under about $|\gamma| < 2$, are evidence the parameter estimates are drawn from the stationary portion of the chain. Panels correspond to separate models.
Figure D.2: Graphical contingency table of in-sample forecasts against actual data.
Note: Each panel is a graphical contingency table for forecasts from the respective model. Each is constructed from 500 forecasts of each in-sample data point in the respective model. The sizes of the gray squares are scaled by the relative number of observations that fall in the respective category. Thus, the size of the box at 1,1 is scaled to the number of forecasts equaling one for in-sample data points that actually equal one.
APPENDIX E

CH. 4: RESULTS OF BOOTSTRAPPED SECOND STAGE MODEL

The figure below plots densities of bootstrapped z-scores for all coefficients in the main multinomial logit model. All regressors, including intercepts and all control covariates, are plotted together. The shaded region in the center of the plot denotes z-scores that fall below the traditional 95% confidence threshold.
Figure E.1: Multinomial Logit Model of choice of policy instrument
(Densities of Bootstrapped Coefficient Z-Scores)

Note: The shaded region in the center of the plot denotes z-scores that fall below the traditional 95% confidence threshold. Note that positive z-scores in the zero-inflated portion of the model indicate the variable is associated with a greater probability of using zero. Positive z-scores in the count portion are associated with increased numbers of laws, given that at least one law is used.
## Appendix F

### Ch. 4: First stage model coefficients

<table>
<thead>
<tr>
<th></th>
<th>Estimate</th>
<th>Std. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>488.5</td>
<td>(114.3)</td>
</tr>
<tr>
<td>PM Cabinet Powers</td>
<td>31.81</td>
<td>(11.72)</td>
</tr>
<tr>
<td>Bicameralism</td>
<td>-51.63</td>
<td>(45.63)</td>
</tr>
<tr>
<td>Semipresidentialism</td>
<td>-129</td>
<td>(59.05)</td>
</tr>
<tr>
<td>Positive Parliamentarism</td>
<td>-44.4</td>
<td>(48.45)</td>
</tr>
<tr>
<td>Post-election Cab</td>
<td>456.7</td>
<td>(42.38)</td>
</tr>
<tr>
<td>Non-Partisan Cab</td>
<td>-500.4</td>
<td>(356.9)</td>
</tr>
<tr>
<td># of Parties in Cab</td>
<td>-40.77</td>
<td>(28.6)</td>
</tr>
<tr>
<td>Coalition</td>
<td>121.6</td>
<td>(68.1)</td>
</tr>
<tr>
<td>Majority</td>
<td>0.004194</td>
<td>(0.004302)</td>
</tr>
<tr>
<td>Median Party (1st Dim) in Cab</td>
<td>41.02</td>
<td>(56.13)</td>
</tr>
<tr>
<td>Minimal Connected Winning</td>
<td>-241.2</td>
<td>(75.2)</td>
</tr>
<tr>
<td>Effective Number of Parl Parties</td>
<td>-32.89</td>
<td>(23.4)</td>
</tr>
<tr>
<td>Max Bargaining Power Party in Cab</td>
<td>19.1</td>
<td>(52.92)</td>
</tr>
<tr>
<td>Minimal Winning</td>
<td>195.1</td>
<td>(61.97)</td>
</tr>
<tr>
<td>Log Scale Parameter</td>
<td>5.718</td>
<td>(0.03708)</td>
</tr>
</tbody>
</table>

| Observations                   | 508      |

Standard errors in parentheses
Dependent variable is the duration in days of a given government.

Table F.1: Log-Logistic Accelerated Failure Time model of Cabinet Duration


Hobolt, Sara, James Tilley and Susan Banducci. 2012. “Clarity of responsibility: How government cohesion conditions performance voting.” *European journal of political research*. 


