

APPOINTING THE MOST ABLE AND MOTIVATED BUREAUCRATS? THE ROLE OF ELECTORAL INCENTIVES

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ABSTRACT. A competent and motivated bureaucracy is vital for designing and implementing common good policies. We show how electoral concerns may discourage politicians from appointing competent bureaucrats. We develop a model where bureaucrats design policies, and politicians decide whether to implement them. When politicians cannot judge the policies designed by bureaucrats, politicians' trust in bureaucrats affects their policy decisions. Conservative politicians may appoint mediocre and unmotivated bureaucrats to lower trust in bureaucrats and, in turn, reduce the opposition's and voters' support for implementing new policies. Our model explains recent empirical findings that conservative politicians ignore expertise when replacing bureaucrats in key positions.

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1. INTRODUCTION

The public sector is an essential driver of economic growth and stability and an important actor in providing many basic services such as health care, education, defense, disaster response, etc. Not surprisingly, many countries heavily invest in public services. For example, in 2015, OECD member countries spent an average of 9.5% of their GDP on general government employee compensation, making this the most critical factor in the production of government goods and services.¹ In a rapidly changing world with many threats to human livelihoods, such as climate change and global instabilities, competent and motivated public service leadership seems more relevant than ever. However, bureaucratic leaders are not chosen in a vacuum. Typically, in Western democracies, they are appointed by political leaders who face electoral incentives. Thus, it is essential to understand the incentives of such leaders to appoint the ablest and most motivated candidates on offer.

Observers have cast doubt on whether political leaders always appoint the most able and motivated bureaucrats. Several recent studies report that right-wing politicians have replaced experienced, highly educated bureaucrats with inexperienced, less educated bureaucrats. For Italian municipalities, [Bellodi et al. \(2022\)](#) find that the election of a populist mayor sharply decreases the percentage of graduate bureaucrats. In the United States, it is common for a new administration to appoint new people in key positions in the federal bureaucracy. Trump used this power to appoint novices instead of career officials with years of experience ([Bauer and Becker, 2020](#)). In making his appointments, Trump largely neglected expertise ([Peters and Pierre, 2020](#)). The appointment of mediocre, unmotivated bureaucrats is not a new phenomenon. [Jo and Rothenberg \(2012\)](#) discuss several older examples of republican presidents appointing persons with dubious reputations. A notorious example is Gorsuch's appointment by Reagan as head of the Environmental Protection Agency in 1981. She lacked administrative experience and did not support the EPA's mission.

This paper analyzes the role of bureaucrats in designing policies. Our premise is that bureaucrats are essential in the design of policies because they often have technical skills politicians do not possess ([Alesina and Tabellini, 2007](#)). Eventually,

¹<https://www.oecd.org/gov/pem/recommendation-on-public-service-leadership-and-capability.htm>

politicians decide on the policies designed by bureaucrats. As politicians lack technical expertise, they cannot always judge the policies bureaucrats designed. In these situations, politicians' trust in bureaucrats affects their final policy decisions.

The main contribution of this paper is twofold. First, we show that the interaction between politicians' implementation decisions and bureaucrats' motivation to design good policies may lead to the coexistence of a high-trust equilibrium and a low-trust one. In the high-trust equilibrium, bureaucrats put much effort into designing policies, and politicians implement policies when they cannot judge them. In the low-trust equilibrium, bureaucrats exert little effort, and politicians reject policies when they cannot judge them. Because of multiple equilibria, the cost of an incompetent and unmotivated bureaucracy can be considerable. As more policies are implemented in the high-trust equilibrium than in the low-trust equilibrium, differences in bureaucracy quality across countries may help to explain differences in the size of governments.

The paper's second contribution is to the political economics of bureaucracy quality. Our model revolves around policies that benefit or hurt all people. Consequently, all citizens agree on whether a policy should be implemented without uncertainty. We first show that if citizens and their representatives have identical preferences regarding the policy also when its consequences are uncertain, politicians hire *competent* bureaucrats who are maximally biased *towards* implementation of the policies they are asked to design. Next, we allow for divergent preferences. We assume that two politicians run for office. The left-wing politician needs less evidence that a policy is good to implement it than the right-wing politician. We show that if politicians' preferences are sufficiently misaligned, a right-wing incumbent appoints an incompetent bureaucrat who is strongly biased against implementation. If re-elected, the right-wing incumbent suffers from an incompetent and unmotivated bureaucrat. However, an incompetent and unmotivated bureaucrat (1) makes left-wing decisions more conservative, and (2) reduces the demand for left-wing decision-making, thereby increasing the chances that the right-wing politician wins the election. The adverse welfare effects of a low-quality bureaucracy might be permanent when it leads to a low-trust equilibrium.

Our paper is related to various strands in the literature. It is closely related to recent theoretical studies that explain why politicians appoint inexperienced public

servants.² [Gratton and Lee \(2023\)](#) focus on voter demand for inexperienced bureaucrats. While experienced bureaucrats are more effective in their model, they are too active. Replacing them with novices reduces activism and their bureaucracy's effectiveness. Similarly, [Sasso and Morelli \(2021\)](#) show that populist politicians have a preference for incompetent bureaucrats, as they are more willing to implement the policies they have committed to, while regular politicians prefer competent bureaucrats that adjust their behavior to the state. [Jo and Rothenberg \(2012\)](#) employs an appointment game where a less competent bureaucrat leads to more policy outcome variance. They show that a politician may prefer an incompetent bureaucrat if she wants to escape from the status quo. A complementary strand of literature looks at the self-selection of bureaucrats into office ([Forand et al., 2022](#)). In a recent empirical contribution, [Spenkuch et al. \(2023\)](#) show that ideological misalignment between bureaucrats and politicians is related to more costly policy implementation, consistent with a morale-reducing effect of ideological misalignment. We show how such an efficiency decrease of misalignment may be exploited by a political incumbent for electoral purposes.

Our paper is also related to literature that shows how policy today can influence policy tomorrow. [Tabellini and Alesina \(1990\)](#) show that polarization may give incentives to a current administration to run a budget deficit to constrain the behavior of a future administration. The higher the probability that the opposition party wins the next election, the stronger the incumbent's incentive to run a budget deficit. [Peletier et al. \(1999\)](#) show similar incentives for public investment policies. As in these older papers, in our paper, current politicians distort choices today with an eye on influencing policy tomorrow.

[Schultz \(1996\)](#) shows how incumbent parties adopt ideologies in a polarized political system to increase their chances of winning the next election. For example, left-wing parties may adopt a Keynesian economic view of the world to justify government activism [see also [Swank \(1994\)](#) and [Letterie and Swank \(1998\)](#)]. In our model, politicians affect policy's impact by determining the bureaucracy's quality.

Finally, our paper is related to the literature on trust. John's trust in Ann is relevant when John is uncertain about the consequences of Ann's actions ([Uslaner, 2018](#)). In our model, the politician's trust in the bureaucrat is important. The bureaucrat's

²More generally, [Gailmard and Patty \(2012\)](#) survey the literature on models of bureaucracy.

trustworthiness depends on his ability and effort. In equilibrium, trust and trustworthiness accord. [Sonin et al. \(2021\)](#) analyze a model focusing on voters' trust in elites. A lack of trust in the elite induces many citizens to vote for Trump. Likewise, British citizens lost trust in the elite and voted for Brexit ([Inglehart and Norris, 2016](#)).

2. THE BUREAUCRACY GAME

Our basic game describes the behavior of three players: two politicians, $P \in \{L, R\}$, and a bureaucrat B .³ Before the election, one of the politicians hires a bureaucrat B . A bureaucrat is characterized by his ability, $a \in \{a_L, a_H\}$ with $1 > a_H > a_L > 0$, and his ideology, b , to be defined below. The incumbent hires a highly able bureaucrat, $a = a_H$, with ideology b , or a mediocre one, $a = a_L$, with ideology b . We first consider the case prevalent in most European countries, where a bureaucrat cannot be fired once hired. Section 7 discusses the American case where a new administration can replace bureaucrats in key positions.

After the incumbent has hired B , elections are held. R is elected with probability ρ , and L is elected with probability $1 - \rho$. In Sections 4 and 5, the incumbent chooses the bureaucrat's features with an eye on affecting policies after the election. a and b do not affect ρ . In Section 6, P 's decisions on a and b also aim at influencing the election outcome. Then, ρ does depend on a and b .

After the election, the bureaucrat and the new incumbent are involved in policy-making. The bureaucrat designs a policy, and the politician makes the final decision. Formally, a policy x can be implemented, $x = 1$, or not, $x = 0$. Whether the policy should be implemented depends on the state of the world, w , which takes on a value of 1 or -1. The probability of $w = 1$ depends on B 's ability and effort, $e \in \{0, 1\}$, with $\Pr(w = 1) = a(1 + eh)$ and $a_H(1 + h) < 1$.⁴ If B chooses $e = 1$, he incurs a cost c . Effort is not observable. B cannot be incentivized through a contract that links effort or outcomes to a wage.

The elected politician makes the final decision on the project. With probability π , P is informed, $t = in$, and with probability $1 - \pi$ she is uninformed, $t = \emptyset$. An informed P observes w and can condition her decision about x on w . An uninformed

³In Section 6 we also model voter behavior.

⁴For example, the bureaucrat may design a policy on how to induce citizens to purchase more electric cars. If the bureaucrat is more able and puts in higher effort, the probability is higher that this policy delivers a benefit to voters. At the same time, a risk remains that such a policy is ineffective, leads to unexpected distortions or is simply too expensive.

P does not observe w . P learns t after the election: when she observes w , she infers that she is informed; when P does not observe w , she infers that she is uninformed.

P 's preferences are represented by the utility function

$$(1) \quad U_P(x) = (p + w)x, \text{ with } p = \{l, r\},$$

where p denotes P 's predisposition towards implementation. We assume that $-1 < r < l < 0$, meaning that both R and L are biased against implementation but R more than L . Both R and L prefer $x = 1$ to $x = 0$ only if $w = 1$. B 's utility function is

$$(2) \quad U_B(x) = (b + w)x - ce,$$

where b (with $-1 < b < 0$) denotes B 's predisposition toward $x = 1$, to be determined by P . Note that the players' preferences are fully aligned if the state of the world is known. Table 1 summarizes the game.

TABLE 1. **The Bureaucracy Game**

Players: L, R and B .
What players do (timing):
<ul style="list-style-type: none"> • $P \in \{L, R\}$ hires B. P chooses $a \in \{a_L, a_H\}$ and $b \in (-1, 0)$. ◦ Nature chooses the politician who wins the election. R wins with probability ρ; L wins with probability $1 - \rho$. • B chooses effort $e \in \{0, 1\}$. ◦ Nature chooses the state of the world: $w = 1$ with probability $a(1 + eh)$ and $w = -1$ with probability $1 - a(1 + eh)$. ◦ Nature chooses whether the incumbent observes w: with probability π, P is informed, $t = in$, and observes w; with probability $1 - \pi$, she is uninformed, $t = \emptyset$, and does not observe w. • P makes a decision on x.
Utility functions:
<ul style="list-style-type: none"> • $U_P(x) = (p + w)x$, with $-1 < r < l < 0$. • $U_B(e, x) = (b + w)x - ce$, with $-1 < b < 0$.

We identify equilibria in which P 's decision on x after the election is a best response to a^* , b^* and e^* . Anticipating the best responses of the two types of P , B chooses e to maximize his expected utility. Finally, anticipating B 's effort decision and R 's and L 's implementation decisions, the incumbent's decisions on a and b are best responses.

3. A LOW-TRUST AND A HIGH-TRUST EQUILIBRIUM

A crucial feature of our game is that the interaction between B 's effort decision and an uninformed P 's implementation decision may cause two equilibria to coexist for the same parameters. This feature of the game is responsible for potentially large effects of P 's decisions on a and b on the game's outcomes. To highlight this feature of the game, we first analyze a simple version of the game presented in Table 1. Specifically, in this section, we abstract from politics ($\rho = 0$ or $\rho = 1$)⁵. Furthermore, we leave the analysis of P 's decisions on a and b before the election to the next section.

An informed politician chooses $x = 1$ if and only if $w = 1$. This decision is in all players' interests. The Bureaucracy Game revolves around how an *uninformed* politician decides on x . This depends on how confident P is about the quality of the policy designed by B :

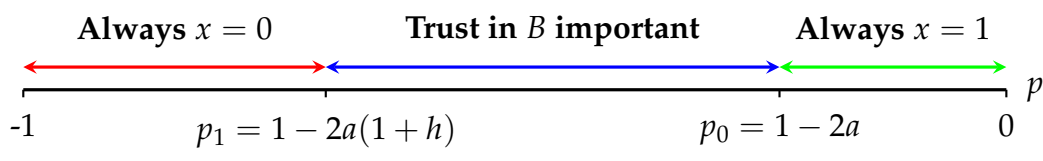
$$(3) \quad \begin{aligned} a(1 + eh)(p + 1) + [1 - a(1 + eh)](p - 1) &\geq 0 \\ \Leftrightarrow p + 2a(1 + eh) - 1 &\geq 0. \end{aligned}$$

If condition (3) holds, P 's confidence in B 's ability and effort is sufficiently high that without information about w , she chooses to implement the policy designed by B . In the following, we also say that P *trusts* B in this case.

Define p_e as the value of p for which (3) just holds given e , $p_e = \{p_0, p_1\}$. As $e = 1$ rather than $e = 0$ weakens condition (3), $p_1 < p_0$. Figure 1 illustrates. For $p > p_0$, an uninformed P chooses $x = 1$ even though B exerted no effort. The reason is that P is hardly biased against implementation. She needs little evidence to prefer $x = 1$ to $x = 0$. By contrast, for $p < p_1$, an uninformed P chooses $x = 0$ even if B exerted effort. An uninformed P who is strongly biased against $x = 1$ needs strong evidence for choosing $x = 1$. B 's trustworthiness in choosing high effort does not play a role. If $p_1 < p < p_0$, whether P is confident enough about the quality of B 's work depends on her expectation about e . B 's trustworthiness regarding effort provision does play a role in the optimal implementation decision.

Now consider B 's effort decision. His expected utility depends on how an uninformed P will decide on x . First, suppose that an uninformed P chooses $x = 1$. Then,

⁵Alternatively, this can be interpreted as the special case where $r = l$ - parties have the same preferences.

FIGURE 1. **Optimal implementation decision x as a function of p .**


$e = 1$ yields a higher utility than $e = 0$ if

$$\begin{aligned} \pi a(1+h)(b+1) + (1-\pi)[a(1+h)(b+1) + (1-a(1+h))(b-1)] - c \\ > \pi a(b+1) + (1-\pi)[a(b+1) + (1-a)(b-1)], \end{aligned}$$

which gives

$$(4) \quad c < c_H = ah[2 + \pi(b-1)].$$

Inequality (4) shows that the lower the likelihood that P is informed (a lower π), the weaker the condition for $e = 1$. When an uninformed P is confident enough in the work of B to implement the policy, bad policies may be implemented. B has an incentive to exert effort to avoid such a bad outcome. Condition (4) also shows that the incentive to exert effort increases in ability a and bias b . Effort is more productive for a more able B . B 's effort and ability are complements. A higher b increases B 's utility if $x = 1$. By exerting effort, B increases the probability that an informed P chooses $x = 1$. A bureaucrat with a higher b is thus more motivated to exert effort.

Now, suppose that an uninformed P chooses $x = 0$. Then, $e = 1$ yields a higher utility than $e = 0$ if

$$\pi a(b+1) < \pi a(1+h)(b+1) - c,$$

yielding

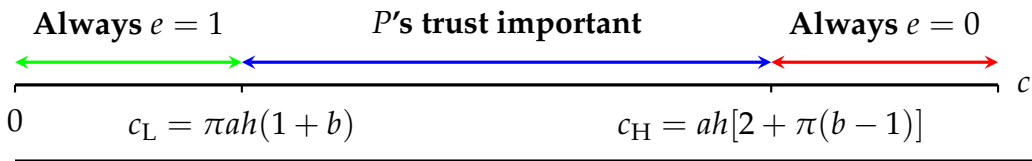
$$(5) \quad c < c_L = \pi ah(1+b).$$

Inequality (5) shows that now a higher likelihood that P is informed increases B 's incentive to exert effort. The reason is that in the present case, high effort is a waste if P is uninformed. The other comparative static results are the same as above: the condition for $e = 1$ becomes weaker for higher values of a , h , and b .

Note that $c_L < c_H$. Hence, B exerts effort for wider ranges of parameters when an uninformed P chooses to implement the policy than if P does not implement.

Figure 2 depicts the ranges of c for which B exerts effort. If the cost of effort is low, $c < c_L$, B exerts effort in equilibrium irrespective of the decision of an uninformed P . By contrast, if $c > c_H$, B never chooses $e = 1$. For intermediate levels of c , B 's effort depends on whether an uninformed P chooses $x = 0$ or $x = 1$. Then, P 's trust in B determines B 's effort.

FIGURE 2. The ranges of c for which B chooses $e = 0$ and $e = 1$.



With the help of Figures 1 and 2, it is easy to identify the equilibria of the simplified Bureaucracy Game. We define a **high-trust equilibrium** to be an equilibrium where P chooses $x = 1$, while a **low-trust equilibrium** has P choosing $x = 0$. Proposition 1 presents the possible equilibria.

Proposition 1. Consider the basic model without elections and given a and b . An informed P chooses $x = 1$ if and only if $w = 1$. Furthermore,

- (1) If $p_1 < p < p_0$ and $c_L < c < c_H$, two equilibria exist: a **high-trust equilibrium** in which an uninformed P chooses $x = 1$ and B chooses $e = 1$, and a **low-trust equilibrium** in which an uninformed P chooses $x = 0$ and B chooses $e = 0$.
- (2) If $p_1 < p < p_0$ and $c < c_L$, or $p > p_0 = 1 - 2a$, a unique **high-trust equilibrium** equilibrium exists where an uninformed P chooses $x = 1$. B chooses $e = 1$ except if $p > p_0 = 1 - 2a$ and $c > c_H = ah[2 + \pi(b - 1)]$.
- (3) If $p_1 < p < p_0$ and $c > c_H$, or $p < p_1 = 1 - 2a(1 + h)$, a unique **low-trust equilibrium** equilibrium exists where an uninformed P chooses $x = 0$. B chooses $e = 0$ except if $p < p_1 = 1 - 2a(1 + h)$ and $c < c_L = \pi ah(1 + b)$.

Item 1 stipulates the conditions under which a high-trust equilibrium and a low-trust one coexist. Under these conditions, an uninformed P 's decision on x depends on B 's decision on e , and vice versa. P trusts B if B is trustworthy. At the same time, B is only trustworthy if P trusts him. Items 2 and 3 in Proposition 1 present

the conditions under which a unique equilibrium exists. In these cases, at least one player has a dominant strategy.

Item 1 of Proposition 1 means that two countries with the same primitives can be in different equilibria. This complicates empirical research on the drivers of bureaucracy quality using cross-country data. Our model also shows that in a high-trust equilibrium, governments are more likely to produce visible policy failures than in a low-trust equilibrium. Our Bureaucracy Game may generate two types of errors: false positives ($x = 1$ while $w = -1$) and false negatives ($x = 0$ while $w = 1$). False positives may occur in the high-trust equilibrium, whereas false negatives may occur in the low-trust equilibrium. In practice, observing the state w after $x = 0$ might be less likely than after $x = 1$. If so, *visible* bad outcomes occur more frequently in the high-trust equilibrium than in the low-trust equilibrium.

4. THE OPTIMAL BUREAUCRAT IN THE BUREAUCRACY GAME WITHOUT POLITICS

One of the objectives of this paper is to cast light on how electoral concerns affect the main features of a country's bureaucracy. Our model contains two parameters that characterize B , his ability, a , and his predisposition toward x , b . We now investigate the bureaucrat's optimal characteristics from P 's perspective in the Bureaucracy Game without electoral concerns. Thus, P chooses a and b at the beginning of the game. We discuss the effects of a and b on P 's expected utility separately.

4.1. Ability. First, assume that P can choose a . A direct effect of a higher ability a is that it increases the chance that B designs a beneficial policy. Second, more indirectly, the thresholds for which B exerts effort are decreasing in a . Generally, more able bureaucrats have stronger incentives to exert effort. This result stems from the complementarity between ability and effort. Both of these are beneficial for informed politicians as well as uninformed ones.

Finally, a higher a widens the range of p for which an uninformed P trusts B or implements the policy unconditionally and narrows the range of p for which an uninformed P does not trust B or never implements the policy. This also implies that an increase in a may affect the interaction between an uninformed P 's decision on x and B 's decision on e . A higher a can push the model's outcome from the low-trust equilibrium to the high-trust equilibrium. This requires that B chooses $e = 1$ when

$a = a_H$, but $e = 0$ when $a = a_L$; P trusts a competent, motivated B but not a mediocre, lazy B .

P benefits from each consequence of a higher a . How much P benefits from a high-ability bureaucrat is situation-dependent. Figure 3 illustrates. The right part, with the red (dashed) lines, depicts a low-trust equilibrium. If p is low, this equilibrium exists for $e = 0$ and $e = 1$. In this case, the rise in P 's utility resulting from an increase in a is modest. An increase only matters if P is informed as an uninformed P never implements. The left part, with the blue (dashed) lines, depicts the high-trust equilibrium. Here, a rise in a matters for both informed and uninformed politicians, as uninformed politicians implement the policy.

The effect of a on P 's utility is moderately big. The impact of a rise in a on P 's utility is largest if it induces P to trust B , as then it goes together with a more motivated bureaucrat ($e = 1$ instead of $e = 0$). This effect arises if a rise in a pushes the game from the low-trust equilibrium to the high-trust one.

FIGURE 3. **Utility P for $a = a_L$ and $a = a_H$ for three cases**

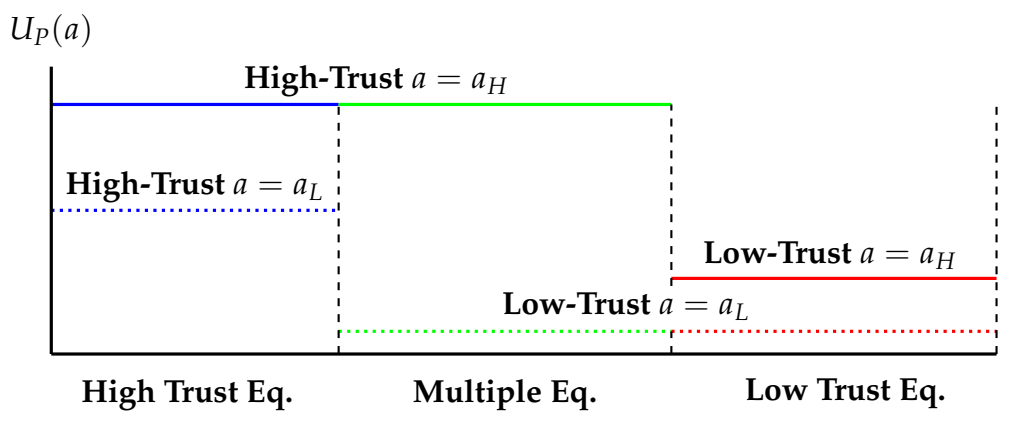


Figure 3 does not show that a rise in a affects the conditions for which the three possible equilibria exist. As discussed above, a rise in a widens the ranges of parameters for which P experiences a high utility and narrows the ranges of parameters for which she receives a low utility. This reinforces the positive effects of a on P 's utility.

4.2. Bias. Now consider P 's decision on b . Note that (3) does not depend on b . The effect of b on P 's utility runs through B 's effort decision [(4) and (5)]. As discussed above, P wants B to exert effort in the current model. A bureaucrat more biased toward implementation has a stronger incentive to exert effort, as effort increases the

probability that $w = 1$ and, in turn, the likelihood that the project is implemented. $e = 1$ rather than $e = 0$ may also make the high-trust equilibrium viable. Hence, P wants to hire a bureaucrat who is strongly biased toward implementation.⁶ Proposition 2 summarizes this section's discussion.

Proposition 2. *If the incumbent before the election is sure to win the election, she hires a highly able bureaucrat who is strongly biased toward implementation.*

Without elections, a highly able, caring bureaucrat has only benefits: he designs a good project with a higher probability; he reduces the expected cost of an uninformed politician; he may make a high-trust outcome possible.

5. WHY HIRE A MEDIOCRE OR UNMOTIVATED BUREAUCRAT?

Now consider a setting where $0 < \rho < 1$. An incumbent choosing a bureaucrat may lose the election in the next period. For now, we assume that electoral success is not tied to expected behavior in office (we will relax this in the next section). To focus on cases where bureaucrat quality matters for implementation decisions, assume that

- a high-ability bureaucrat who is maximally biased towards implementation, $b = 0$, serving under politician L chooses effort $e = 1$ if he expects the uninformed L to implement the policy. It is a best response for an uninformed L to implement the policy in this case.
- a low-ability bureaucrat who is maximally biased against implementation, $b = -1$, facing politician L chooses effort $e = 0$ if he expects the uninformed L not to implement the policy. It is a best response for an uninformed L not to implement the policy in this case.

Formally, this implies that l is moderate and c sufficiently small:

$$(6) \quad \begin{aligned} 1 - 2a_H(1 + h) < l < 1 - 2a_L, \\ 0 < c < a_H h(2 - \pi). \end{aligned}$$

For ease of comparison, define $\underline{l} := 1 - 2a_H(1 + h)$, $\bar{l} := 1 - 2a_L$, and $\bar{c} := a_H h(2 - \pi)$, and thus $\underline{l} < l < \bar{l}$ and $0 < c < \bar{c}$. This also implies that the trustworthiness of

⁶Given that effort is binary in this model, the optimal b will not be unique. In general, P either appoints a politician sufficiently biased towards implementation, meaning (4) or (5) holds, or sufficiently biased against implementation, meaning (4) or (5) does not hold. For simplicity, in the following we will refer to the first case as a bureaucrat strongly or maximally biased towards implementation, and the second case as a bureaucrat strongly or maximally biased against implementation.

B matters for L 's implementation decision. An uninformed L needs to be sufficiently confident in the ability and/or motivation of B in order to implement the policy.

From the previous section, we know that if R and L have the same preferences, $r = l$, none of them would optimally appoint a bureaucrat who is strongly biased against implementation or of low ability. We now show that this is not necessarily the case when their preferences diverge.

Let R be the incumbent. First, suppose that R chooses a bureaucrat of high ability, a_H , but has to decide on the bias, b . We know that in case R stays in power, R prefers a bureaucrat biased in favor of implementation as B is then more motivated to put in higher effort. If L is elected in the second period, this is not so clear anymore. The reason is that relative to R , L is biased towards implementation. While an uninformed R may find it optimal to keep the status quo, an uninformed L may find it optimal to implement the policy. By choosing a bureaucrat biased against implementation, R might be able to ensure an unmotivated bureaucracy ($e = 0$ instead of $e = 1$) and thus decrease the confidence of L in the designed policy. In case trustworthiness matters and L 's decision depends on B 's effort choice, this will ensure that an uninformed L becomes more cautious and also does not implement. With the choice of an unmotivated B , R destroys trust between B and L in the next period. This comes at a cost also for R though. There are fewer high-quality policies designed that can be implemented by informed L 's and R 's.

Specifically, R optimally appoints a bureaucrat maximally biased against implementation, $b = -1$, if:

$$(7) \quad \begin{aligned} (L :) \quad & \underline{l} < l < 1 - 2a_H < \bar{l}, \\ (R :) \quad & r < \underline{l} - \frac{2\pi a_H h(1 - a_H(1 + h))}{(1 - \rho)(1 - \pi) + \pi a_H h}, \\ (B :) \quad & 0 < a_H h(2 - 2\pi) < c < \bar{c}. \end{aligned}$$

L needs to be sufficiently biased against implementation, as otherwise, a uniformed L will implement the policy regardless of the effort of B . At the same time, there needs to be sufficient polarization and thus conflict of interest: r needs to be sufficiently smaller than l for R to find it worthwhile to weaken bureaucracy also for the own

party in the next period.⁷ Note that it may be too costly for R to use this strategy, thus π needs to be sufficiently small for condition (R :) to characterize a non-empty set. If there are too many informed politicians, distorting bureaucrat quality to manipulate an uninformed opponent is simply too expensive. Finally, B 's costs cannot be too small as otherwise B cannot be discouraged from putting in high effort.

While weakening bureaucracy through appointing bureaucrats biased against implementation is costly through reduced effort provision also for R , it is less costly than weakening bureaucracy by appointing bureaucrats of low ability. The reason is that ability also affects the probability of designing beneficial policies directly. While both types of strategies can discourage an uninformed L from implementing the policy, the costs of less beneficial policies implemented by informed L 's and R 's are higher under a low-ability bureaucracy. R thus always first resorts to appointing unmotivated bureaucrats biased against implementation. There are situations though when this is not enough to discourage an uninformed L from implementing the policy. While the strategy can succeed when trust is important and an uninformed L 's decision depends on the expectation of bureaucratic motivation, it does not succeed, when L has a dominant strategy to implement regardless of B 's effort. In these cases, R might want to resort to even stronger means of weakening bureaucracy by reducing the ability of the bureaucrat in addition. Choosing a bureaucrat with $b = -1$ and $a = a_L$ will be optimal for R when:

$$(8) \quad \begin{aligned} (L :) \quad & \underline{l} < l < \bar{l}, \\ (R :) \quad & r < \frac{(1 - \rho)(1 - \pi) + \pi a_L - a_H(1 + h)(2 - h\pi - 2\rho(1 - h\pi))}{(1 - \rho)(1 - h\pi) + h\pi(a_H(1 + h) - a_L)}, \\ (B :) \quad & 0 < c < a_H h(2 - 2\pi) < \bar{c} \end{aligned}$$

When polarization is even stronger [the condition on r is stricter in (8) than (7)], we find that R may be willing to weaken bureaucracy considerably through both b and a in order to destroy trust between B and L and prevent implementation of policies by

⁷These conditions apply also to situations where multiple equilibria exist for $b = 0$. We thus implicitly assume the high-effort equilibrium is played when available so that in these cases, R ensures that the high-effort equilibrium is not reached after choosing $b = 0$.

an uninformed L . As before, condition $(R :)$ characterizes a non-empty set of r only if π is not too large.⁸

Note that L , on the other hand, has no reason to appoint a weak bureaucrat. L is relatively more biased in favor of implementation and does not have an incentive to discourage a future uninformed R from implementing a policy. L would possibly like to encourage an uninformed R to choose $x = 1$. We now summarize our results from this section in the next proposition.

Proposition 3. *If there is sufficient polarization, an incumbent R may prefer to appoint a bureaucrat with bias $b = -1$ who then chooses $e = 0$ in the next period regardless of which party is in power (Inequalities (7)). If polarization is even stronger and the bureaucrat's cost of effort c is low, R may in addition appoint a bureaucrat with ability a_L (Inequalities (8)).*

6. ELECTIONS

We saw in the previous section that R may use the appointment of a mediocre and unmotivated bureaucrat to destroy trust between L and B and manipulate L 's policy choice in R 's favor. In this section, we show that appointing mediocre and unmotivated bureaucrats may also serve to manipulate the outcome of the election through the preferences of the median voter. By reducing the quality of bureaucracy, the median voter becomes more pessimistic about the quality of the policy. She may lose trust to the extent that she prefers the politician not to implement when uninformed. This may benefit R , the more conservative party. To make this point most clearly, assume $l > \bar{l}$ and thus an uninformed L chooses implementation regardless of bureaucrat quality and motivation (his trust in B is unconditional). At the same time, an uninformed R prefers not to implement even with a highly able and motivated bureaucracy, $a = a_H$ and $e = 1$, which implies $r < 1 - 2a_H(1 + h) = \underline{l}$ (his distrust is unconditional). Parties are very polarized and we thus focus on cases where manipulating policy choice through reducing trust between B and L is not possible.

We now model elections explicitly. We consider a society with an infinite number of citizens. Citizen i 's utility function is

$$(9) \quad U_i(x) = (v_i + w)x,$$

⁸In both cases for $\pi = 0$ there is no negative effect for R of weakening bureaucracy and thus $(R :)$ boils down to $r < \underline{l}$.

where v_i is citizen i 's predisposition towards $x = 1$. Let v_m denote the median voter's predisposition toward $x = 1$. Because of single-peaked preferences, the median voter's vote determines the election outcome. When R chooses a , the median voter's preferences are uncertain (Calvert, 1985). Suppose that v_m is drawn from a uniform density function with interval $[v^e - z, v^e + z]$. Citizens are forward-looking. Each citizen votes for the politician who is expected to deliver higher utility.

Assume first that B 's costs are such that B 's effort choice does not depend on whether L or R is in office (and thus whether the uninformed politician implements or not). Then, anticipating politicians' policies, citizen i prefers voting for R (who does not implement when uninformed) to voting for L (who implements when uninformed) if

$$\begin{aligned} \pi a[1 + e(a, b)h](v_i + 1) &> \pi a(1 + e(a, b)h)(v_i + 1) \\ &\quad + (1 - \pi)\{v_i + 2a[1 + e(a, b)h] - 1\} \\ (10) \quad &\Leftrightarrow v_i < 1 - 2a(1 + e(a, b)h). \end{aligned}$$

Whether or not (10) holds for v_m determines the election outcome. The probability that R wins the election equals

$$(11) \quad \rho(a, b) = \Pr[v_m < 1 - 2a(1 + e(a, b)h)] = \frac{1 - 2a[1 + e(a, b)h] + z - v^e}{2z},$$

which decreases in a and $e(a, b)$.⁹ Hence, in a polarized society where B 's effort does not depend on who is in office, hiring a mediocre and/or unmotivated bureaucrat increases R 's chances of winning the election. R 's expected payoff equals

$$\begin{aligned} U_R(a, b) &= \pi a[1 + e(a, b)h](r + 1) + \\ (12) \quad &[1 - \rho(a, b)](1 - \pi)\{a[1 + e(a, b)h](r + 1) + [1 - a(1 + e(a, b)h)](r - 1)\}. \end{aligned}$$

Equation (12) shows that the benefit of high quality bureaucracy ($a = a_H$ and/or $e = 1$) is twofold. First, it increases the probability that an informed politician faces and implements a good policy. Second, it increases the probability that an uninformed L implements a good rather than a bad policy. The benefit of appointing a mediocre bureaucrat runs through $\rho(a, b)$. It reduces the chance that an uninformed L gets to decide on implementation.

⁹We focus on cases where v_e and z are such that $\rho(a, b)$ is interior. In particular, z needs to be sufficiently large.

The lower r and the lower π , the more R suffers from (uninformed) L winning the election. R 's incentive to appoint a mediocre B also depends on how sensitive the election outcome is to a and e . The width of the distribution of $v_m, 2z$, determines the extent to which the election outcome depends on policies or luck. A lower z makes the outcome more dependent on politicians' expected policies after the election (and thus a and e). Consequently, a lower z increases the electoral benefit of weakening bureaucracy.

In the previous section, we saw that R preferred to appoint a bureaucrat strongly biased against implementation to one of low ability in order to influence the implementation decision of the uninformed L . This is not the case for electoral manipulation, as we now show. To make this point most clearly, assume for now that for $a = a_H$ and $b = 0$ B chooses $e = 1$ both when working under L and under R . For both $a = a_L$ and $b = 0$ and $a = a_H$ and $b = -1$, B chooses $e = 0$ when working under both L and R . Thus R can choose a B with either $a = a_L$ or $b = -1$ to discourage B from putting in effort in designing the policy. What does R prefer? Proposition 4 states our main result of this section.

Proposition 4. *Assume $\pi a_L h < c < a_H h(2 - \pi)$, $l > \bar{l}$ and $r < \underline{l}$.*

- *a only: R will choose $a = a_L$ iff $r < \frac{(2-v_e)(1-\pi)-z-2(1-\pi)[a_L+a_H(1+h)]}{1-\pi(1-z)} := r_a$.*
- *b only: R will choose $b = -1$ iff $r < \frac{[2-2a_H(2+h)-v_e](1-\pi)-z}{1-\pi(1-z)} := r_b$.*
- *Since $r_b < r_a$ there is a range of r where R would appoint a low-ability B but not a B with $b = -1$. Furthermore, for $r < r_a$ R 's utility is always higher when appointing a B with $a = a_L$ and $b = 0$ than $a = a_H$ and $b = -1$.*

As before, further conditions apply to guarantee that Proposition 4 characterizes interior solutions for r . Now π sufficiently small is not sufficient. Also the median voter needs to be sufficiently responsive to bureaucratic quality and R should not be too disadvantaged (z and v_e need to be low). Reducing the quality of bureaucracy is an optimal strategy only if policies are complex so that politicians often cannot judge their quality and the median voter is sufficiently conservative and responsive to bureaucratic changes.

In contrast to the previous section, appointing a low-ability bureaucrat may be preferred to appointing a bureaucrat biased against implementation even if both choose $e = 0$. The intuition is the following. When manipulating the opponent's

policy choice the benefit of a mediocre and unmotivated bureaucrat runs through the change in the implementation decision of L . As soon as this is achieved, there are only costs involved in reducing quality further. When manipulating the median voter, the benefit runs through the chance to get elected, ρ , which is decreasing for R in both a and e . This makes appointing a low-ability bureaucrat especially attractive to destroy the trust of the median voter. At the same time, the cost of a low ability bureaucracy are also larger. At least in the case studied in Proposition 4, the benefits always outweigh the costs.

There are many more cases one could consider. For example, a highly able and motivated bureaucrat may only expend effort when working under L . In that case, appointing a mediocre bureaucrat is even more appealing. Or a mediocre bureaucrat may still implement when working under L , which will make this choice less appealing. All these scenarios will lead to somewhat different thresholds on r . Proposition 4 shows that a mediocre or unmotivated bureaucrat reduces voter demand for activism. Because of a lower-quality bureaucracy, fewer citizens prefer $x = 1$ to $x = 0$ when no information is available about w . In a recent paper, [Stantcheva \(2021\)](#) highlights the importance of trust in government for the support for redistribution [see also ([Kuziemko et al., 2015](#))]. Our model shows that right-wing politicians may optimally reduce support for redistribution by destroying trust for electoral benefit.

7. THE U.S. CASE

So far, we have assumed that the incumbent before the election determines bureaucracy quality after the election. A possible motivation for this assumption is that bureaucrats are protected against politicians' whims by giving them long-term positions in many countries. New bureaucrats in those countries cannot quickly be fired. In other countries, however, as in the United States, new administrations are almost supposed to replace bureaucrats in critical positions. Our model is also relevant for these countries.

An essential feature of the bureaucracy game is that the interaction between B and P may generate two equilibria. Suppose that for $a = a_h$, both the high-trust and the low-trust equilibrium exist, while for $a = a_L$, the low-trust equilibrium is unique. If, in a dynamic setting, term after term, politicians hire able bureaucrats who all

exert effort, the high-trust equilibrium is a natural outcome for each subgame. Now, consider a situation where R deviates from the high-trust equilibrium by appointing a mediocre bureaucrat. At least until the next election, an uninformed politician chooses $x = 0$. If L appoints an able bureaucrat after the election, it is not evident that the game returned to the high-trust equilibrium. In the previous period, R 's strategy focused on destroying trust. The high-trust equilibrium as the expected outcome has vanished. A good culture can be a coordination device, leading to a high-trust equilibrium as a long-run phenomenon (Becker et al., 2016). It is less clear if a good culture re-emerges once violated.

8. CONCLUSION

We have shown that the interaction between politicians' implementation decisions and bureaucrats' motivation to design good policies can lead to a high and low-trust equilibrium. Furthermore, we have explained why right-wing politicians may want to destroy trust.

We have achieved our objectives in a model without direct costs of appointing high-ability bureaucrats. To explain why right-wing politicians sometimes appoint mediocre bureaucrats, the "no direct cost" assumption is innocuous. Adding a cost would strengthen right-wing politicians' incentives to appoint mediocre bureaucrats. However, adding a cost might reveal that left-wing politicians invest too much in the quality of bureaucracy. By selecting too highly able bureaucrats, left-wing politicians may induce uninformed right-wing politicians to implement policies they would not have implemented when bureaucrats with socially optimal characteristics designed policies.

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