

## Chapter IV

### Intraexecutive Conflict and Central Government Reform

The 1997 World Bank Report The State in the Changing World cites the organization of the central machinery of government in Ukraine as an example of extremely inefficient cabinet structure (World Bank 1997). Much of cabinet inefficiency is attributed in the report to the existence of the Apparat of the Cabinet of Ministers which has the authority to direct the work of individual or line ministries. The existence of this intermediate link between the cabinet leader and line ministries leads to the paradoxical situation when the bureaucrats from the apparat give orders to the cabinet ministers. The World Bank Report is primarily concerned with the negative effects of this state of affairs on the performance and political responsibility of the Ukrainian cabinets.

D'Anieri, Kravchuk and Kuzio (1999) discuss other aspects of the functioning of central government in Ukraine. Overlapping policy jurisdictions, "hollowness" of cabinet ministries, and the exclusionary character of decision making are cited as the major problems that administrative reform in Ukraine has to address. The authors attribute the origins of these problems to the institutional legacies of the Soviet period and to the ambiguity and confusion produced by the separation-of-powers regime.

The case of central government reform in Ukraine can also be used for a somewhat different purpose. I examine how constitutionally-induced strategies of presidents contribute to the persistence of executive institutions and policies that are inefficient from organizational and economic points of view. Inefficient institutions and policies endure not only because of bureaucratic self-interest or adherence to the status

quo but also because of politicians' interest in preserving them. Semi separation of powers is not confusing for the major political players: it imposes a certain structure on political competition and provides the players with a set of clear incentives and goals. The prevalence of political disincentives to conduct cabinet restructuring, it will be argued here, is the major reason for the lack of structural changes necessitated by the concept of administrative reform.

**The central hypothesis that will be evaluated here on the basis of both Russian and Ukrainian experiences can be formulated in the following way: the higher the level of intraexecutive conflict between the president and the prime minister, the less likely is the rationalization of cabinet organization. This rationalization includes such measures as concentration of executive powers in the hands of the prime minister and ministers, as well as reduction in the number of cabinet ministries and their functional reorganization. The hypothesis about the relationship between the level of intraexecutive conflict and delays in cabinet restructuring is examined both longitudinally (low and high levels of conflict across time in Ukraine) and crossnationally (low and high levels of conflict in Russia and Ukraine).**

This chapter analyzes what effects the president-parliamentary constitutional design has on the motivations and abilities of politicians to conduct administrative restructuring at the cabinet level<sup>37</sup>. The importance of reorganization of central government is often discussed in the literature on administrative reform as one of the cornerstones in the complex task of reforming public bureaucracy ( Sundakov 1996;

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<sup>37</sup> The argument developed in this chapter examines only president-parliamentary regimes, the political dynamic of administrative reform under premier-presidential framework deserves separate discussion and will be discussed in the next chapter.

Kravchenko 1997; World Bank 1997). First, I examine the goals that central government reform tries to accomplish. Second, I analyze motivations that presidents and prime ministers - two types of political actors with the most immediate interest in the specific design of executive institutions - have and political strategies they employ with regard to administrative reform. Then the decision-making process and structural composition of the cabinet in Ukraine, allegedly one of the worst in the region in terms of institutional efficiency and effectiveness, are analyzed through the prism of intraexecutive competition. Whether the lower degree of intraexecutive competition was consequential for the pace and design of central government's reform in Russia concludes the discussion of the effects of intraexecutive competition on the process of administrative restructuring.

### **Administrative reform on the level of central government**

In the literature on political economy of reforms, administrative reform is sometimes conceptualized as constituting a public good (Geddes 1994). Implementation of changes in how civil servants are selected, how state institutions are designed, and how policy process is organized has the promise of benefiting all members of society by making bureaucracy more efficient in the delivery of goods and services to the public. At the same time, there are several problems with initiating administrative change. Political efforts needed to undertake the reforms, for example, may be disproportionately large relative to the benefits acquired by their initiators. In other words, politicians who are potential providers of reform face, for whatever reasons, prohibitive costs of undertaking reform measures. Or, even when the cost-benefit calculation is not prohibitive, reform-minded politicians may not be able to secure cooperation of other important actors with

strong “free-rider” preferences. In any case, however, politicians which operate in a democratic setting experience pressure to reform bureaucracy. This pressure stems from the strong normative belief that it is a democratic government's obligation to provide all citizens with equal or non-discriminatory access to goods and services delivered by the state.

Administrative reform in the postcommunist countries is also seen as an instrument to cope with the practice of excessive state involvement in political, economic and social spheres. The pervasive administrative intervention by the state in all aspects of societal life was one of the organizational principles in all socialist countries (Kornai 1992, Jowitt 1992). While the concept of administrative reform is multifaceted and includes, among other things, such diverse issues as introducing meritocratic rules for civil servant selection/promotion and changing the public perception of bureaucracy, this chapter deals with one specific aspect of reform: the restructuring of the executive branch of government.

The core set of measures to rationalize the organization of central government and concrete policy recommendations for their implementation are rather uncontested in the literature on administrative reform. These measures include several important transformations: from the sectoral to the functional principle of cabinet organization, from government preoccupation with productive activities to the exercise of regulatory functions, from the dominance of bureaucracy to the enhanced role of individual ministers in cabinet policy-making. Combating the excessive diffusion of executive and legislative powers, reducing the number of bureaucratic agencies which control or inspect entrepreneurial activities, and separating clearly the prerogatives of central and local

levels of government are also often cited as major requirements for the efficient organization of government (World Bank 1997, Sundakov 1997)<sup>38</sup>.

Sectoral organization of government was one of the major legacies of the Soviet administrative system. Individual ministries and other central bodies of the executive power were organized according to sectoral rather than functional criteria. The latter principle assumes that performing such general functions of government as regulating economy, finance, education, etc. should be a rationale for the creation of individual ministries and other central governmental bodies<sup>39</sup>. The socialist system, on the contrary, favored the detailed management of economic and social activities and prioritized the close control of all production processes. For example, branch ministries under socialism were routinely involved in all aspects of economic activities in which state-owned enterprises of their respective sectors were engaged.

The other important element of the socialist administrative legacy was the great importance of central administrative agencies that coordinated the work of individual ministries. The central governmental bodies such as the cabinet apparatus and central planning committees were vested with much greater powers than were similar

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<sup>38</sup>The extent of unanimity or consensus regarding the proper ways to reform the executive branch of government should not be exaggerated. Like the 1980s' "Washington consensus" about the proper strategies to deal with the developing countries' challenges of financial stabilization and structural adjustment (Haggard and Kaufman 1992), the current agreement about the proper ways to conduct administrative reform in postcommunist states is theoretically based in the neoliberal economic literature and politically supported by the Western governments and international development agencies. For alternative views, see the literature on institutional economics and economic sociology. The ideas which represent these traditions of thinking and the application of these ideas toward postcommunist experiences can be found respectively in Amsden, et.al. 1995 and Stark and Bruszt 1998).

<sup>39</sup>Purely functional organization of cabinet, which implies that ministries and other executive bodies are created only when there is a functional necessity to do so, is unattainable. First, there is more than one way to implement the principle of functionality in the concrete institutional design of cabinet. Second and more important, other than efficiency criteria factors may play the key role in determining how many and what kind of individual ministries any given cabinet consists of. Political factors which influence the ministerial structure of the cabinet include bargaining among political parties which belong to the governing coalition over portfolio distribution, intra-party compromises or competition, perceived political urgencies, etc.

bureaucratic agencies in the market economies. As a result of bureaucratic dominance, the individual ministries were deprived of any real power to undertake a major policy initiatives in sectors or industries that they managed. These bureaucratic bodies constituted the backbone of communist party control over state administrative agencies, and their remnants, due to their strategic position in postcommunist cabinets, serve as a stronghold of resistance to overall cabinet restructuring<sup>40</sup>.

There is a substantial amount of economic literature on consequences that the persistence of sectoral organization of government and the dominance of bureaucratic apparatus have for the policy making process in transitional countries (Aslund 1995, Shleifer and Boyko 1997, Sundakov 1997). Since economic ministries have not entirely separated production functions from regulatory ones they remain associated with a few major enterprises in the industry they deal with. These enterprises are, as a rule, partially or fully state-owned. Ministries' preoccupation with assisting their old clients discourages the development of private sector enterprises and a competitive market environment. The formal and informal association of ministries with major old enterprises in their respective industries also encourages special interest lobbying and the capture of the regulators by the regulated. From the persistence of sectoral divisions it also follows that compartmentalization of decision making has a tendency to endure and to inhibit the development of a cohesive government. Compartmentalization of decision-making contributes to the dynamics of continuing growth in the size of the government as well.

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<sup>40</sup> Personal communication with Bohdan Krawchenko, the vice-president of the Ukrainian Academy of Public Administration, August 1997.

The dominant position of specific bureaucratic institutions in the structure of executive government - as it has been a case with cabinet apparatus in Ukraine - inhibits the efficiency of the decision-making process in several ways. First, being an intermediate structure between the office of prime minister and individual ministries the apparatus of the cabinet slows the communication and coordination both between the prime minister and cabinet ministries and among individual ministries. Collective decision-making by politically accountable cabinet ministers is substituted with bureaucratic management exercised by the cabinet apparatus. It also follows that the lack of transparency in decision making will be another consequence of the cabinet's activities being managed by its apparatus. Third, the prevalence of apparatus bureaucracy effectively limits the role that individual ministries play in developing and implementing policies in their respective sectors. It also encourages the persistence of parallel cabinet structures thus creating additional obstacles for the revision of government functions and for the dismantling of redundant bureaucratic agencies.

While as mentioned sectoral organization of ministries and preeminence of apparatus in cabinet decision-making are part of institutional legacy of socialism, the other problems with the institutional design of the executive have more recent origins and can not be fully attributed to path dependency or the institutional "stickiness" of postcommunist bureaucracy. These new problems are the outcomes of democratization in government organization and functioning. They include such issues as proliferation of new bureaucratic structures and confusion about the exact lines of accountability, coordination and subordination for both new and old bureaucratic agencies. Diffusion of

executive and legislative authorities is one of the terms employed in the economic literature to summarize these issues (Sundakov 1997)<sup>41</sup>.

Diffusion of executive authorities inside the executive branch of government is, as this chapter will argue, a product of semipresidential constitutional setting which enables both the president and prime minister to claim the right of control over the executive government. The parallel and competing channels of bureaucratic coordination is one immediate consequences of the lack of the unified leadership. Okun'kov (1998), in one of the most comprehensive treatments of postcommunist presidencies, shows how the regional leaders and enterprise managers exploit the dual nature of the executive government in Russia. Depending on political circumstances and the character of their personal connections, the lobbyists target either the presidential administration or cabinet. Both administration and cabinet produce executive orders and regulations to address the same type of issues, thus adding to the confusion and disorientation of lower-tier bureaucracies.

Effective governance, on the other hand, requires organizational coherence and streamlined structure of central government (World Bank 1997: Ch.5). In the "ideal type" of the effective organization the leadership of cabinet is exercised from the office of

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<sup>41</sup> The governmental decision-making process, according to this perspective, is characterized, first of all, by the diffusion of executive and legislative authorities. The executive branch of government has not only executive but also quasi-legislative powers, as does the legislature. The fact that there is no clear separation and concentration of authority, according to Sundakov, has three major channels through which it affects the functioning of the government: 1) there is no clear distinction between the political and the civil service aspects of governmental administration which, in turn, complicates the conduct of consistent overall policy and highly politicizes the technical-level staff of ministries; 2) the second channel is the high burden of coordination that diffusion of power places on a relatively weak civil service; 3) delays in the emergence of stable legislative environment are prolonged.



the head of the cabinet, the prime minister. The premier, not the president, coordinates and supervises individual ministries, committees and other central government agencies. Overlap of responsibilities or functions among ministries and other central central bodies of executive power is minimal. A majority of governmental agencies have the same legal status. Only those agencies where the specific conditions of operation necessitate their unique treatment by legal system or political authorities enjoy special status. The executive agencies provided with this status may not be explicitly included in the structure of the cabinet or subordinated in organizational and policy matters to the cabinet leadership<sup>42</sup>.

The analysis of the effects of the lingering Soviet bureaucratic structures and administrative innovations brought by regime change is coupled in the economic literature with the examination of reasons for the persistence of the socialist administrative legacy and for the adverse character of new administrative developments. The dominant economic explanation of why the organizational inefficiencies in the cabinet organization have a tendency to persist focuses on bureaucracy itself.

The lack of radical reform on the cabinet level - as well as general difficulties with implementing an administrative change - is attributed to bureaucratic resistance and institutional inertia (Sundakov 1997; Krawchenko 1997). Bureaucrats may not like the change because of many reasons. One argument emphasizes that bureaucracy resists restructuring because the latter threatens civil servants' job security. Even when the consequences of the change are not perceived by civil servants as straightforwardly

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<sup>42</sup>A country's central bank would be a good example of governmental institution which, as a rule, has a special status. The central bank usually enjoys both substantial degree of autonomy in monetary policy matters and high level of organizational coherence. For the analysis of factors influencing the extent of Central Bank independence, see Maxfield 1997.

negative for their job prospects, bureaucrats exhibit a status-quo bias which is their way of coping with the uncertainties of any transformation (Raquel and Rodrik 1991) The change also requires substantial efforts on the part of bureaucracy but does not promise significant rewards. The previous investments of time and energy in learning the old "ways of doing things" become depreciated. In addition, institutional memory embodied in administrative norms and practices make the learned modes of bureaucratic functioning, standard operating procedures, sticky and difficult to amend.

While bureaucratic resistance undoubtedly is an important factor for explaining the delays in restructuring, this explanatory picture ignores the role played by political principals of bureaucrats or, to describe it more accurately, it assumes that politicians are either hostages of bureaucrats or they have no particular interest in the reform. This "politicians as hostages" model is derived from the fact that bureaucrats possess superior knowledge and expertise in administrative matters which enable civil servants to manipulate politicians for their own advantage, either material or non-pecuniary with the latter being often derived from the bureaucrats' technocratic vision of proper policies. The argument about non-interested politicians assumes that the latter have no particular stakes in administrative reform because it does not affect their political power or electoral prospects. These politicians may inhabit different institutions - parliament, cabinet, local governments - and their interests in or lack of concerns about administrative change will be informed by the positions they occupy in those institutions and by the effects of the administrative change on their interests.

Neither of these approaches, however, explicitly considers the role that the presidents, the most powerful political actors in president-parliamentary regimes, play in

the course of cabinet restructuring. The following section examines the presidential incentives with regard to cabinet reform.

### **President's goals and control over cabinet.**

The president-parliamentary constitutional framework, unlike the presidential one<sup>43</sup>, does not grant to the president the full control of the cabinet. The president's ability to exercise leadership over the cabinet is undercut both by his limited role in cabinet appointment and by the dual character of cabinet subordination or, to use Shugart and Carey's terminology, by symmetry of presidential and assembly powers over cabinet appointment and dismissal (Shugart and Carey 1992). Yet it is vital to the president for both policy and electoral purposes to have a loyal cabinet. First, cooperation between the president and cabinet facilitates the implementation of programs which the president considers the most important for him in terms of delivery of public goods and services either already introduced to or expected by the population. The successful implementation of these programs generates political support which, however, does not secure or guarantee his chances of reelection<sup>44</sup>. To be successful in reelection bidding requires from the incumbent, as well as from other presidential contenders, additional

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<sup>43</sup>The presidential constitutional framework refers here to the "ideal" model of constitutional arrangement which would allow the president to form his cabinet unilaterally. Several prominent presidential regimes obviously do not fall into this category. The US constitution, for example, requires that presidential nominees for the cabinet positions be approved by the Senate.

<sup>44</sup>There is an old discussion in the literature on the political leadership about whether the re-election motive is the executive's first-order preference. Margaret Levi (1988), for example, articulates a tacit consensus when she argues that whatever the leader's goals and motives in politics are, to further these goals he first needs to win the elections and regain the office. It is safe to assume that the chief executive's preoccupation with his own re-election or election of his designated successor, while not a behavioral law, will be a major driving motive of the leader's behavior. Re-election has turned into the only legitimate way to retain power in postSoviet countries where unconsolidated but still hegemonic democratic environment requires some sort of observance of formal democratic attributes.

efforts to create or sustain an electoral political machine and to secure the cooperation of interest groups. Both tasks can be more easily achieved by the presidents in postcommunist democracies by tapping governmental resources and distributing scarce goods and special favors such as jobs, subsidies, legal privileges in exchange for political support and the votes. Since the cabinet manages most of the resources available for the purposes of the executive branch of government, the control of cabinet is crucial for the president. This consideration constitutes the second major reason for the president to be interested in control over the central government.

It is important to note here that assuming that a presidential candidate has to rely on a party machine and on interest groups in order to win the elections is not unproblematic. Mature political party support for presidential candidates is often absent in both Latin American and postSoviet presidential elections frequently dominated by charismatic political leaders who lack organized political party support. The first democratic presidential elections in the majority of former Soviet republics were dominated by the "above-party" presidential candidates playing the card of national arbiters (Holmes 1994, Linz and Stepan 1996). Yet, at least in the largest postSoviet semipresidential republics, Russia and Ukraine, there is a growing tendency to foster the creation of an organized political force in the form of political parties or blocs specifically designed to serve as electoral vehicles for the incumbent presidents. This can be attributed to the political learning that takes place in the region and is based on the understanding of the changing political environment where having a robust electoral machine becomes one of the requirements for being competitive in the political marketplace.

The presidential dependence on interest groups is questioned on the grounds of special institutional capacity of the presidency to withstand interest group pressure. Unlike legislators - whose electoral success depends on the support of special interests - the president, due to his broad electoral constituencies, is better able to resist particularistic claims (Moe 1994). Two considerations, however, should be taken into account while analyzing presidential autonomy. First, presidents may well resist the pressure of individual groups but they are ill-equipped, as Haggard and Kaufman (1995) show, to cope with the concerted pressure or the prospects of mass defection on the part of interest groups in times of economic crises. Second, the degree of presidential immunity may also vary depending on the role and weight the interest groups have in the political life of society. In postSoviet countries, the weakness of the political party system, professional associations and other formal institutions of interest representation facilitates the informality and elitism of the political process, thus increasing both the importance of well positioned and organized groups and president's dependence on them.

A simultaneous pursuit of strategies that maximizes both the delivery of public goods and the distribution of particularistic benefits for the selected constituencies is unfeasible for the president. These goals are in a trade-off relationship as the resources available to the president are naturally limited. As Barbara Geddes (1994) shows with reference to Latin American experiences, the optimal way for the president to secure his political survival and reelection has not been in trying to achieve exclusively one of these two goals but in combining the pursuit of both of them in a manner which is most likely to increase his immediate political support.

A number of considerations which are taken into account by the president to determine the "right" or "optimal" mix of policies he is willing to pursue is largely determined by the context. In any situation, however, the relative weight of public and club good elements in the package the president offers will systematically depend on such variables as the extent of democratic consolidation<sup>45</sup> in general and the level of organized political party support to the president in particular. The less consolidated or open/transparent the political system and the smaller the party machine the president can rely on, the higher incentives he has to distribute state resources in a way which helps special interests and not general welfare<sup>46</sup>.

### **Presidential control over cabinet appointment and administrative restructuring**

Whatever the president's strategies are, the president needs the cooperation of the cabinet to pursue his policies. The identity of the cabinet leader - the prime minister under president-parliamentary constitutional framework - is not solely a function of presidential preferences over possible candidates but rather a result of an appointment game between the president and parliament. As it was already argued in the first chapter of this research, the outcome of this game - whether the prime minister is closer to the

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<sup>45</sup>The vast literature on democratic consolidation offers several ways of conceptualising more precisely and operationalizing a notion of democratic consolidation. Linz and Stepan (1996) offer an elaborated qualitative discussion of the subject specifying the five arenas of a consolidated democracy. The quantitative measures of consolidation are discussed in numerous publications dealing with the design and analysis of "New Democracies Barometer". See, for example, Rose and Haepfer (1994).

<sup>46</sup>A more systematic account of how an organized political party support shapes the presidential strategies will be given in the next chapter. The positive effect of the political party's backing on the president's ability to undertake administrative reform will be contrasted with Geddes' (1994) conceptualisation of president's affiliation with the established political party as a factor that has negative implications for the chances of meritocratic reform of civil service.

president's or parliament's ideal point - will systematically depend on constitutional provisions which enable the president to influence the preferences of the legislature in the appointment game. The presidential power to dissolve parliament in the case of cabinet formation deadlock is a major constitutional provision of this kind.

Due to this variation in constitutional norms, presidents will be able to secure the selection of loyal prime ministers on a regular basis only under some president-parliamentary constitutional frameworks and not under others. A president who is more insecure about the loyalty of prime minister with whom he has to co-exist will extend more efforts to find other ways to exert his influence on the cabinet. These efforts can be applied in different directions such as creating new/ supporting old executive structures and agencies, claiming exclusive right over the key ministries, and contesting the appointment of individual ministers. It is the argument of this chapter that these presidential efforts will have an adverse effect on the attempts to rationalize the administrative system and to make cabinet organization more efficient.

As the previous chapter shows both Ukrainian presidents have faced much more intense political rivalry on the part of prime ministers than their Russian counterpart. **Appendix 4.1** provides the data on the instances of intraexecutive competition for both Ukraine and Russia. Two criteria were used to determine whether the co-existence of the president with a particular premier was characterized by the intraexecutive political competition. Political analysts' judgments on whether the president or the legislature initiated the cabinet dismissal constituted the first criteria. When the dismissal initiative belonged to the president, the second question asked was: were political conflicts over the control of the executive cited as a reason for the cabinet dismissal? While there is not

much variation in the Ukrainian cases on the first criteria<sup>47</sup>, the cited reasons for cabinet dismissal vary substantially.

Even the prime ministers, who were perceived as the presidential confidants at the moment of cabinet selection, openly contested during their incumbency the president's control over the executive branch of government (Wilson 1999). So if the hypothesis about the adverse effects of intraexecutive competition on the probability of efficiency-enhancing cabinet restructuring has some merit, structural or organizational inefficiencies of the central cabinet in Ukraine should be more profound than in Russia.

At the same time, the intensity of intraexecutive competition in Ukraine fluctuated depending on political circumstances and the stages of constitutional development (Wise and Pigenko 1999). The next section argues that the most radical efforts to reform cabinet organization in Ukraine were initiated or supported by the president only when there was no political confrontation between the president and the prime minister.<sup>48</sup> The absence of intraexecutive conflict was largely due to the prime minister's choice to acquiesce to the presidential leadership. During the periods when the intraexecutive tensions were high, the president considered any efforts to rationalize the structure of central bureaucracy as empowering the rival premier and directly threatening the presidential control over the executive.

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<sup>47</sup> Wilson (1999) argues that all Ukrainian cabinets have technically been removed by the president rather than parliament. While Fokin's cabinet was voted out of office by the legislature, the rest of cabinet dismissal cases unquestionably fall into the pattern that Wilson describes. The fragmented character of the parliamentary composition and the opportunistic behavior of several factions in the consecutive Ukrainian legislatures have contributed to the weak ability of parliament to control the cabinet.

<sup>48</sup>Administrative reform initiatives are often attributed in the literature to the foreign donors (Nunberg 1998). The external pressure to reform the organization of central government has undeniably played a critical role in initiating bureaucratic restructuring throughout the region. Conditionality of World bank, IMF, and other international donors represents, however, only one of the determinants of the success in cabinet restructuring. The analysis of the interests and strategies of the domestic politicians is also an important part of the bureaucratic restructuring story. Given that the international pressure has been systematically applied throughout the 1990s, the analysis of domestic politics helps to explain the exact character and timing of bureaucratic reforms.



In Ukraine, the presidential efforts to maintain his influence in the cabinet have included: providing the political support for the Apparatus of Cabinet of Ministers, contesting the cabinet appointment powers, creating the new executive agencies and supporting the old ones staffed with the president's supporters. Each of these presidential strategies is discussed separately in the next section of this paper.

In Russia, where the threat for the presidential leadership was minor most of the time, the president was less threatened by the efforts to restructure central government. This permitted more rational organization of cabinet. Cabinet restructuring in Russia, however, has been incomplete. Given that the potential for intraexecutive conflict is built into president-parliamentary constitutional design, the Russian president favors only the partial restructuring which does not threaten the foundations of his control over cabinet.

### ***Cabinet Restructuring in Ukraine***

#### **Sectoral organization of ministries**

Enhancing regulatory capabilities and dismantling productive functions remain one of the major directions of reform on the level of individual ministries<sup>49</sup>. This aspect of ministerial reform hinges on the adoption of the functional principle of cabinet organization. While negative effects of lingering sectoral composition of government for the success of economic deregulation and private business development were already discussed at the beginning of this chapter, the reasons why the sectoral or branch ministries endure need to be further explored. The argument of this section is that the

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<sup>49</sup> In the Soviet-type political economies, the sectoral ministries had the right to appoint the top managers of enterprises, to determine production targets and investment plans, to set prices for goods, to allocate inputs and to instruct enterprises about where to deliver their outputs (Schleifer and Treisman 1998).

speed and scope of individual ministries' restructuring is affected by intraexecutive competition.

The sectoral organization of the cabinet implies the existence of a larger number of central government agencies than the functional one. Having a large number of central bodies of executive power increases patronage resources available for the politicians. When due to the low level of party system development, both the president and prime minister have to rely on bureaucratic agencies rather than on political parties in pursuing their political goals, then their stakes in preserving the existing structure of cabinet are high. Political importance rather than technical merits of bureaucratic bodies will serve as the primary criterion for competing politicians' assessments of executive agencies. Both the president and prime minister will try either to "capture" politically important agencies by appointing their confidants to head these agencies or to create new bureaucracies if the old ones can not be engaged politically or have already been captured by the other side. Neither of the politicians will be willing to give up their confidants and abolish the agencies headed by their supporters, even if the former are obsolete from the technocratic point of view, when such a move has the potential to weaken one executive leader's political position vis-à-vis the other. Intraexecutive political competition is thus likely to be channeled along the lines that reinforce old structures.

Given this chapter's preoccupation with the consequences of intraexecutive competition, the changes in the number and character of cabinet ministries rather than in the overall number of central executive bodies (ministries, state committees, state directorates, etc.) are the most important for the argument. Cabinet ministries are the most powerful executive agencies in the structure of government and their political

loyalty, secured through the system of patronage appointments, is the most relevant political resource for both parts of executive leadership, the president and prime minister, when they are engaged in the competition over the control of the executive branch.

Instead of capturing the change only in the number of ministries, as Prynts and Baziuk (1998) did in their analysis of cabinet organization in Ukraine, the numbers of cabinet members in the consecutive Ukrainian cabinets are compared in table 4.1 below. Cabinet membership is a more inclusive category than the cabinet ministerial composition. The defining characteristics of a cabinet member is the right of cabinet vote. Besides deputy prime ministers who supervise and ministers who actually head individual ministries, heads of other major executive agencies can have the status of a minister and, thus, be cabinet members. For example, Lazarenko's cabinet in summer 1996 included four deputy prime ministers, twenty six ministers and committee heads on border control, customs, state property, internal security and antitrust regulation (Kosonotska and Tomenko 1996). Cabinet members themselves rather than ministries they lead (or, in case of deputy or vice prime ministers, supervise) are important political resources of presidents or premiers competing for the control of the executive. And, as it will be shown with regard to the head of Apparatus of Cabinet later in this chapter, even a cabinet minister without any portfolio may exercise a considerable power over the cabinet operations.

**Table 4.1 Structural Changes in Cabinet Organization in Ukraine**

Ministry	Principle of Organization (functional or sectoral)	Cabinets			
		Masol (6/94-4/95)	Marchuk (6/95-5/96)	Lazarenko (6/96-8/97)	Pustovoitenko (9/97-12/99)
Agriculture	f/s	*	*	*	*
Coal Mining	S	*	*	*	*
Culture	S	*	*	*	*
Defense	F	*	*	*	*
Economy	F	*	*	*	*
Education	F	*	*	*	*
Emergency	S	*	*	*	*
Energy	F	*	*	*	*
Environment and Nuclear Safety	S	*	*	*	*
Family and Youth	S	*	*	*	
Finance	F	*	*	*	*
Fishery	S	*	*	*	
Trade	S	*	*	*	*
Foreign Affairs	F	*	*	*	*
Forestry	S	*	*	*	
Health	F	*	*	*	*
Industry	S	*	*	*	*
Information	S	*	*		
Internal Affairs	F	*	*	*	*
Justice	F	*	*	*	*
Labor	F	*	*	*	*
Migration	S		*		
Military Industry	S	*	*	*	
Minister of Cabinet		*	*	*	*
Prime minister		*	*	*	*
Science	S	*	*	*	
Social Security I	F	*	*	*	
Statistics	S	*	*	*	
Telecommunications	S	*	*	*	*
Transportation	F	*	*	*	*
Deputy Prime minister (number)		6	8	4	4
Other agencies with the status of a ministry (number)		5	5	5	5
<b>Total Members of Cabinet</b>		<b>40</b>	<b>43</b>	<b>37</b>	<b>29</b>
<b>Level of Intraexecutive conflict</b>		<b>medium</b>	<b>high</b>	<b>high</b>	<b>low</b>

The table lists all ministries, ministry-level executive agencies, and numbers of deputy prime ministers for every cabinet in Ukraine between 1994 and 1999<sup>50</sup>. The total number of cabinet members in each of four cabinets is then compared. The last row of the table shows how conflictual the intraexecutive relationships were between the president and premier during each cabinet's office term. Indicators of intraexecutive conflict and their values for the different cabinets were considered in the third chapter of this study.

As was already discussed in the previous chapter, the years of 1996 and 1997, the time period of two consecutive cabinets headed by Marchuk and Lazarenko, were characterized by the intense competition between these premiers and the president. Marchuk's cabinet membership, according to the author's calculation, amounted to forty three persons. According to some other estimates, Marchuk's cabinet included as many as forty one ministers and eight deputy prime ministers (Krawchenko 1997). The large number of deputy prime ministers especially reflects both the unconstrained presidential ability to appoint cabinet members during the 1995-96 constitutional accord period and his fear of losing control over the executive to the increasingly rival premier. Preventing the premier from concentrating the executive powers in his hands was one of the major reasons why the president choose to proliferate the deputy premier positions.

Lazarenko's cabinet, in line with the presidential decree of August 17th 1996, consisted of 36 members plus prime minister. (Kosonotska and Tomenko, 1996). The substantial reduction in the size of cabinet was not, however, a result of purposeful efforts on the part of the president and prime minister to downsize the government. As the table

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<sup>50</sup> The first cabinet that Lazarenko has headed was not included in the table because here were no substantial changes in the structure of the cabinet during this period due to the constitutional debates which took place at that time and had to specify, among other things, structure and responsibilities of cabinet. The first Lazarenko cabinet lasted less than sixty days during May–June 1996. It had to resign when the new constitution was adopted on June 28, 1996.

shows, the most significant change came from the reduction in the number of deputy prime minister positions from eight to four. This was due to the fact that the new constitution, adopted on June 28 1996, has limited the number of deputy prime ministers to four. There are no specifications in the constitution regarding the number of ministries and ministry-level agencies whose heads have the status of a cabinet member.

The drastic cut in the number of cabinet members did not happen until 1998. Peaceful coexistence between president and new premier was a major factor that rendered cabinet restructuring, pressure for which has been built up since 1994, possible. Formed in the summer of 1997 Pustovoitenko's cabinet proved to be loyal to the president during the new cabinet's more than two years in office. Pustovoitenko's complacency with the president and willingness to ally with the president in all presidential disputes with the parliament led to the consensus view among analysts of Ukrainian politics that Pustovoitenko's cabinet was a "president's cabinet" (Den', Zerkalo Nedeli, 1997-98)<sup>51</sup>. Not being caught in the competition over the control of executive, the president became more interested in undertaking the reduction in cabinet size and more capable of securing the prime minister's compliance in this matter. As of May 1999 the total number of cabinet members was twenty nine and the number of ministries was reduced first to twenty one in 1998 and then to 18 in 1999. While the cabinet membership in Ukraine is still larger than in the Western and Central European where the average cabinet has 18-21

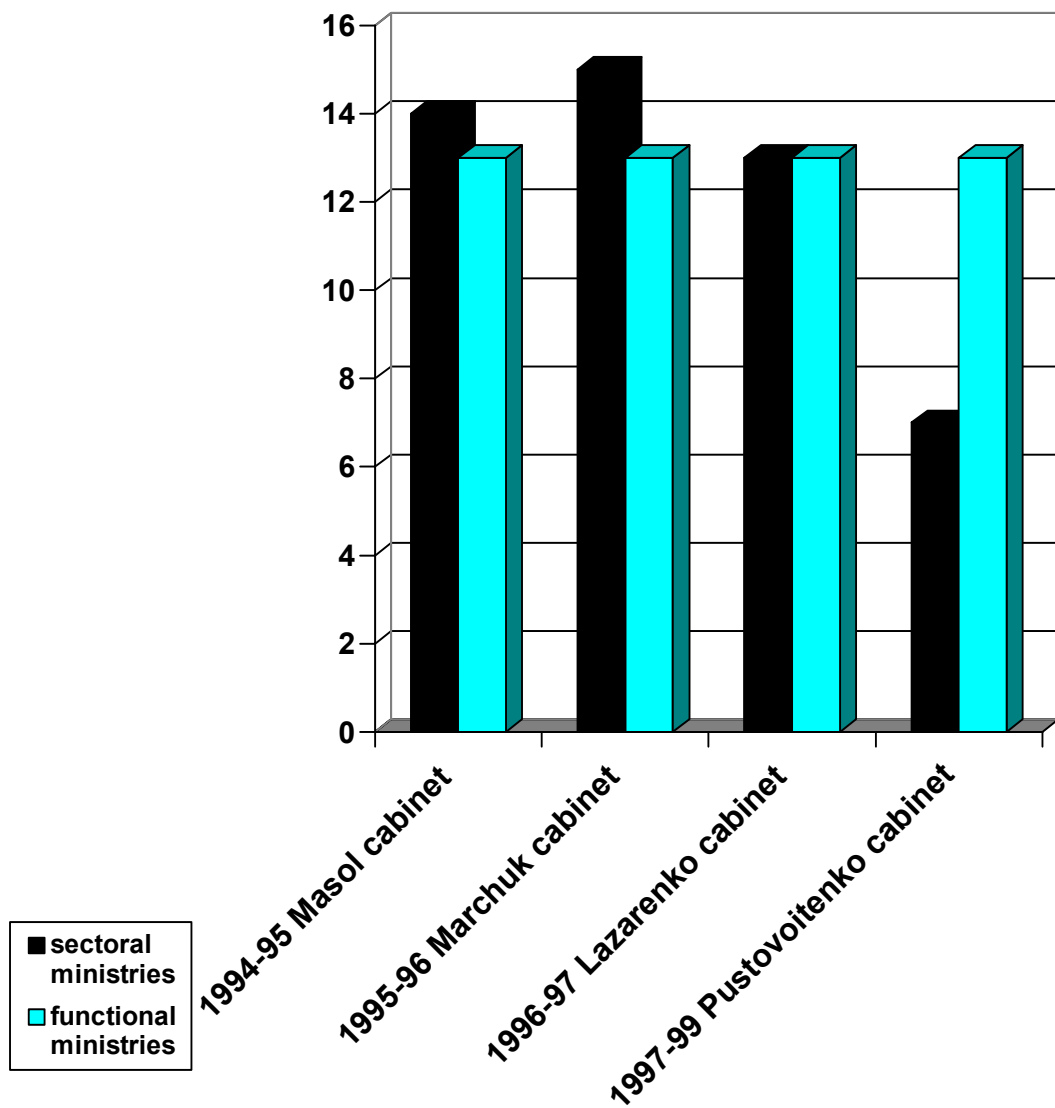
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<sup>51</sup> The factors that contributed to Pustovoitenko's steady allegiance to president Kuchma include, according to the Ukrainian press' accounts, personal ties, common regional background and shared work experience (Zerkalo Nedeli, Kyiv Post, 1997-98). Privileging such a type of personal networks' explanation underestimates, however, the importance of the political situation that Pustovoitenko found himself in. As the analysis undertaken in the previous chapters suggest the identity of parliament has a major impact on the behavior of premier. Pustovoitenko's cabinet did not face any major challenges on the part of either of two parliaments with which it had to coexist. Neither legislature was able to produce a credible threat of no-confidence vote either because of parliament's internal divisiveness and fragmentation or because of cabinet's ability to secure separate parliamentary factions' support by providing them with selective incentives to cooperate.

members (World Bank 1997b), the reduction in the size of the cabinet in Ukraine during Pustovoitenko's office term represents a major departure from the Soviet tradition of central cabinet organization.

The table also captures the dynamic of change from the sectorally organized cabinet to the functionally oriented one. There is an attempt in column 2 in the table to classify all the ministries according to functional/sectoral criteria. The cabinet columns then indicate whether a given ministry was or was not in a cabinet, thus allowing us to compare the number of ministries which have had sectoral rather than functional reasons for their existence for every cabinet in the table. More than fifty percent of ministries in the first three cabinets during 1994-97 were sectorally based. Only in 1998, during Pustovoitenko cabinet's term in office, the share of sectoral ministries dropped to around thirty percent. Figure 4.1 below illustrates this dynamic:

**Figure 4.1 The Change in the Number of Sectoral Ministries in Ukraine**





The division of responsibilities among deputy prime ministers has also changed over time reflecting both the process of cabinet adaptation to the new market environment and political imperatives of the moment. Appendix 4.1. at the end of the chapter illustrates the flexibility of cabinet organizational structure by comparing the demarcation of deputy prime minister responsibilities in Lazarenko's cabinet at the beginning of the office term, July 1996, and at its midpoint, December 1996. Duties assigned to deputy premiers, unlike the maximum number of deputies, are not rigidly specified in any legal document, thus allowing the president and prime minister some degree of flexibility in "tailoring" deputy premiers' responsibilities to the concrete personalities of politicians. For example, at the beginning of the Lazarenko cabinet's term one of the candidates for the post of vice premiers was a liberal academic economist and the other had an agricultural background, thus the positions of deputy premier responsible for economic reform and the agroindustrial complex were created. When these politicians later left the cabinet, the deputy prime ministers' duties were reassigned. In December 1996, the first deputy prime minister was supervising so-called "power ministries" of defense, interior, etc. and three other deputy premiers were dealing respectively with the economy, social policy, and educational and cultural matters.

A more comprehensive way to capture the dynamic of changes or their lack in the structure of central bodies of executive power in Ukraine is to examine the overall size of the executive measured by both the number of central executive bodies and the

number of civil servants employed in the executive. Additionally, to see whether the shift from the sectoral to functional principle in the organization of executive is taking place, the character of the executive agencies and the distribution of sector- and function-based agencies needs to be explored.

Quite substantial differences in the number of central bodies of executive power cited by the analysts complicate the exact comparison. For example, for the year of 1996, Krawchenko (1997) reports that the Ukrainian government consisted of 112 central agencies which included ministries, state committees, state directorates, etc. The Word Bank's (1997) estimate is more than 110, and Prynts and Baziuk's (1998) number is 84. The latter offer the most comprehensive treatment of changes in the composition of central government from 1996 through 1998. The total number of executive bodies, according to their estimate, varied from 84 in 1996 to 75 in 1997 and back to 84 in 1998.

This data indicates there is no clear trend in the direction of downsizing the executive branch. While the number of central bodies of executive powers remains stagnant, the same study shows the substantial decline of expenditures planned in the budget for the executive branch of government in 1998. While in 1996 and 1997 they amounted to 550 mln. and 640 mln. hryvnas respectively, the number for 1998 is 392 mln<sup>52</sup>. These changes probably reflect the general trend of the decline in governmental expenditures due to the fiscal crisis of the state<sup>53</sup>. In the same time, the operational expenditures of the cabinet of ministers after bouncing to 22 mln. hryvnas in 1997 from

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<sup>52</sup> These numbers include the expenditures on central executive bodies, their local branches, regional and local state administrations.

<sup>53</sup> Given the rather constant number of executive agencies during 1996-98 period, one immediate consequence of the almost 40 % cut in the 1998 expenditures on the executive branch will be a drastic decline in real wages of civil servants employed in the executive. The civil service's compensation scheme, which is already not competitive with the level of salaries in the private sector, will thus experience another stress causing further demoralization of bureaucracies and deterioration of public services they deliver.

1,9 mln in 1996 remained at approximately at the same level in 1998 (Prynts and Baziuk 1998).

The persistence of sectoral rather than functional organization of the cabinet in Ukraine has several explanations. As already discussed, bureaucratic resistance is strengthened by the support of strong managerial lobby of old industrial and agricultural enterprises. Due to the lack of radical privatization reforms and enforceable bankruptcy procedures, these enterprises remain viable and use sectoral ministries as one of the channels to exercise pressure on the state<sup>54</sup>. In this sense, the lack of radical economic reforms is both cause and effect of the sectoral ministries' endurance. It is a cause because the slow transformation of the economy does not produce sufficient upward pressure to reform the executive institutions. At the same time, the lack of reform is a consequence of strong reform resistance partially sponsored by the executive agencies formed according to the sectoral principle.

Policy analysts also emphasize the different versions of collective action problems and crisis management patterns as factors impeding administrative change. While the reform opposition is numerous and well aware of its interests, the reform proponents are few in numbers and disoriented. Societal support, due to the collective action problem, is inactivated and dispersed. Cabinet and legislative policy makers who have to guide the implementation of changes are caught in every day management routine. Preoccupation with the current situation and crisis management forces the decision-makers to

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<sup>54</sup> The author's interview with Ivan Rozputenko, the Chair of Economics and State Finance Department, the Ukrainian Academy of Public Administration.

concentrate on the immediate causes of problems, making the introduction of institutional or structural reforms even more problematic<sup>55</sup>.

The dynamic of political competition inside the executive, however, may offer additional insights into the politics of sectoral reform. The endurance of sector-based executive agencies, unlike the cabinet apparatus's decision-making prominence discussed next in the text, is not determined by the conscious choices of the politicians in the executive. Yet, there is a mutual reinforcement between the persistence of sectoral executive agencies and partisan use of bureaucracy by the president and prime minister engaged in intraexecutive competition.

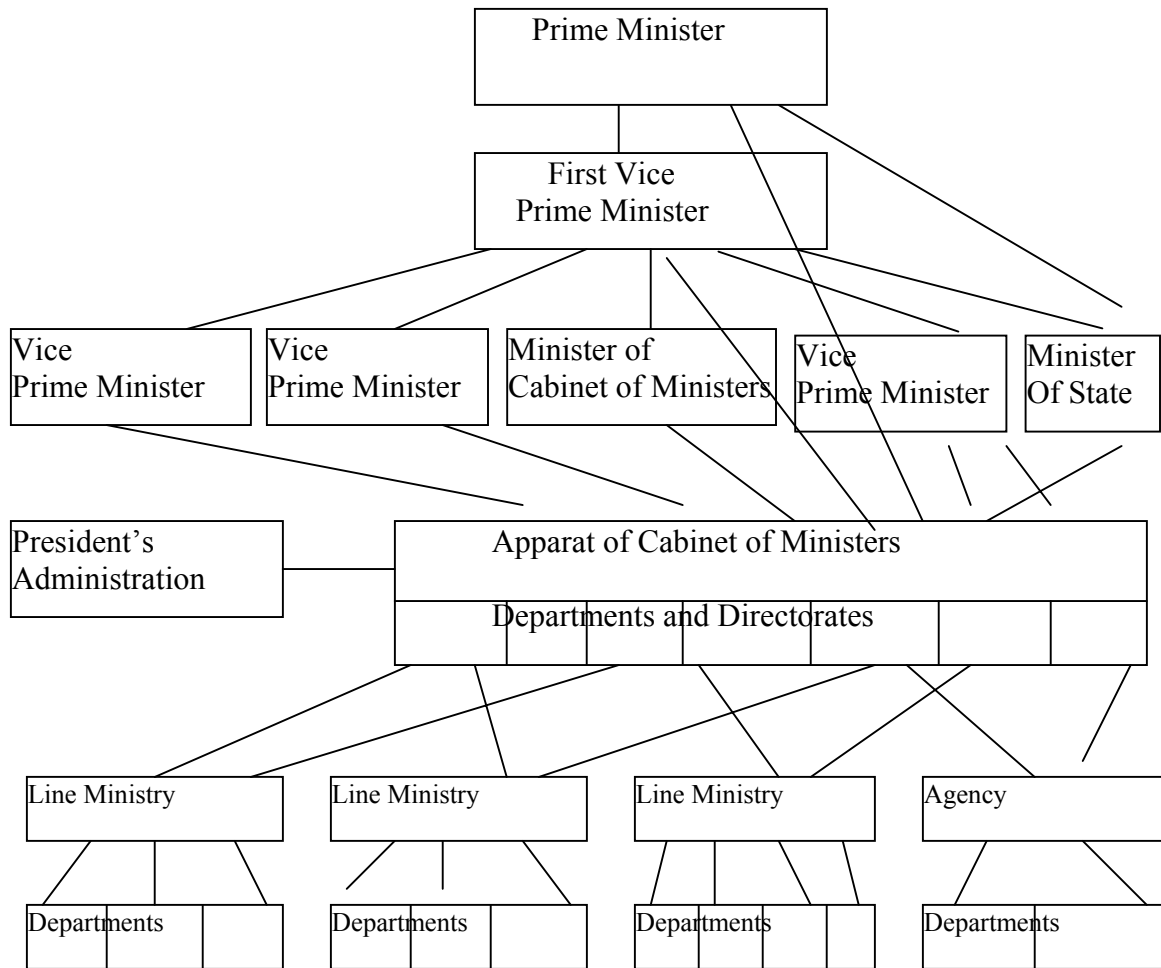
### **The Role of Apparatus of Cabinet of Ministers**

The World Bank (1997) study, which deals with the issues of state reform, emphasizes the importance of efficient organization of the cabinet for the improvement of the government's capacity to formulate and implement effective policies. Much of the inefficiency in cabinet organization in Ukraine, the report argues, has been created by the Apparatus of Cabinet of Ministers which, because of its functions, size, and strategic position in the structure of government, has a major influence on how the cabinet functions. The figure 4.2 below shows the structure of the Ukrainian cabinet in 1997.

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<sup>55</sup> The author's interviews with Serhiy Bereslavskiy and Dmytro Lutsenko, policy experts, IRIS Institutional Reform and the Informal Sector Project at the University of Maryland; Olha Lukashenko, administrative reform expert, Office of the Vice-Prime Minister of Ukraine (Kyiv, July 1999).

Figure 4.2 Cabinet Structure in Ukraine, 1997



Source: Adopted from World Bank 1997

Graphical representation helps us to understand why the Apparat was able to exercise unexpectedly large influence on the cabinet decision-making process. Serving as an intermediary among the various bureaucratic agencies both on the horizontal and vertical levels inside the cabinet, the bureaucracy of the Apparat transmitted and circulated the numerous flows of commands and information both along the hierarchical chain from the prime minister to the individual ministries and among the individual ministries. As a result of this catch-all intermediation and redundant coordination, the cabinet decision-making process was characterized by a lack of responsiveness and flexibility. The principles of transparency and accountability in the work of government were also compromised since both the origins of decisions and procedures for arrival at those decisions were frequently lost in bureaucratic complexity of the cabinet.

The Apparat not only intermediated but also regulated cabinet activity through issuing instructions, regulations, and resolutions which either had binding character for or should have been executed by ministries and other central executive bodies. The diminished role of both individual ministries and collegial bodies formed by those ministries in the cabinet decision-making process was thus another consequence of the inflated importance of the Apparat (Krawchenko 1997). One of the basic principles of democratic government - the elected officials' leadership and control over the technocratic appointees - was actually reversed in the Ukrainian cabinet where the Apparat bureaucrats have developed the authority to direct the work of individual ministries and, in fact, have been issuing orders to the cabinet ministers.

The position of the Apparat in the Ukrainian cabinets contrasted with the role played by cabinet office secretariats in most OECD countries. The size of these

administrative bodies supporting policy formulation and coordination is small because most inter-departmental coordination is done by ministries and departments before policies are agreed by governmental ministers. In the UK, for example, the Cabinet Office Secretariat has less than 50 staffers. In France, where the Secretariat General is also responsible for reviewing bill drafts prior to their being submitted to parliament as well as following up the implementation of cabinet decisions, there are less than one hundred civil servants employed in the Secretariat. In Ukraine, in contrast, the cabinet apparat was the largest cabinet ministry in 1996. It had 34 departments and 1100 staff, while the Ministry of Agriculture, for example, had 32 departments and 650 staff (Report No. 16344-UA, World Bank 1996).

Despite the obvious inefficiencies associated with the Apparatus this governmental structure has persisted through 1997-98. Although the Apparatus has implemented some changes, these changes have been directed to modifying internal organization and controlling personnel growth rather than on the more radical task of reforming the agency's goals and methods. At the time of the 1997 World Bank study the Apparatus employed over 800 civil servants. One of the first cabinet resolutions regarding the size of the Apparatus of Cabinet of Ministers established the number of personnel in the Apparatus at 456 in 1992. The number of this agency's employees had a tendency to grow, reaching at maximum about 1200. In 1998 the number was reduced to about 800. The most recent government resolution dated August 19th 1998 orders a decrease in the number of employees in the Apparatus to 690<sup>56</sup>. Similarly to the changes in personnel, the organizational modifications inside the agency lacked strategic direction; they were

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<sup>56</sup> The dynamics of personnel growth and organizational change as well as the account of government resolutions dealing with the Apparatus of Cabinet of Ministers can be found in Roman Didenko's MA thesis "Problems of Administrative Reform: the Case of Ukraine" (unpublished paper, Budapest: CEU 1999)

undertaken to achieve small efficiency gains through rationalization of internal structure and management rather than to change the agency's overall purpose and methods of operation ( Didenko, 1999).

This situation can be described in terms of bureaucratic resistance to change or in terms of the lack of interest on the part of politicians in reforming this particular aspect of cabinet organization. Yet to say that politicians have an interest in not changing the particular administrative status quo is not the same as to say that they do not care about this issue. That the former has been the case with president's position regarding the Apparat's reform in Ukraine is discussed below.

Creating, dismantling, or modifying central bodies of executive power is, according to the 1996 Constitution, the exclusive prerogative of the president (Constitution of Ukraine: Article 106). Thus any substantial structural or organizational changes in cabinet require presidential confirmation. **The president had opposed the changes in the responsibilities and powers of the Apparat because they would have led to diminishing the role that the Apparat played in the organization of decision-making process in the Cabinet. The diminished role of the Apparat, under the specific political and legal circumstances of the executive politics in Ukraine during 1991-98<sup>57</sup>, would have reduced the president's influence in the cabinet.**

Understanding why the Apparat of Cabinet of Ministers had become a presidential stronghold in the cabinet requires an examination of two important political developments in the recent political history of Ukraine. The first one is the dynamic of

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<sup>57</sup> The president in Ukraine controlled the powers to create and dismantle executive agencies since 1991. In this respect, the 1996 Constitution served as a formal confirmation of the existing practice.



conflict between the Ukrainian presidents and prime ministers. The second one is the leadership appointment patterns in the Apparatus.

The analysis undertaken in the previous chapter of this research shows that president-premier relationships in Ukraine are fraught with conflict and political competition. Four of seven cabinet resignations were to a significant extent the outcome of intraexecutive political competition. The discussion in the previous chapters also indicates that at the stage of cabinet formation neither of the Ukrainian presidents had an easy time securing the selection of his ideal candidate as a prime minister. The existing president-parliamentary framework has induced the politicians in the Ukrainian executive to take the confrontational stands.

While heading the cabinet in 1992-93, then-premier Kuchma competed with president Kravchuk for control over the executive branch of government and for the redistribution to the cabinet of legislative powers claimed by the president in the process of bargaining with the parliament (Haran' 1997). After being elected president, Kuchma faced intense power competition from two consecutive premiers, Marchuk and Lazarenko. Given the president's difficulties in having his confidant appointed as a prime minister and in securing the loyalty of the prime minister during the premier's time in office it was only rational for the president to try to exert his influence on cabinet through the appointment of presidential confidants to the individual ministries and key bureaucratic agencies. Since the Apparatus of the Cabinet of Ministers has been strategically positioned inside the government, president Kuchma managed to secure that the same close confidant of his occupied the office of the head of Apparatus under the

consecutive prime ministers and cabinets<sup>58</sup>. The appointment of individual ministers under the current Ukrainian constitutional framework, as it was already mentioned, is a separate game from the one played by the president and parliament over the premier's appointment. To appoint a minister of his cabinet, the premier has to nominate a candidate and the president will have to approve the former. The president used his power of confirmation, among other things, to bargain over a candidate for the apparat leader.

An official title of the head of the Apparatus in Ukraine is Minister of Cabinet of Ministers. A cabinet minister without portfolio would be the equivalent of this position in the literature on comparative government. It would be, however, a very problematic equivalent given the fact that the Ukrainian minister without portfolio controls very substantial resources and heads a much more powerful organization than cabinet ministers with similar titles in most semipresidential democracies.

The same person, Valeri Pustovoitenko, headed the Apparatus of Cabinet of Ministers in four of eight Ukrainian cabinets since 1991. The first time he was appointed to the post of cabinet minister without portfolio during Kuchma's premiership in 1992-93. A number of factors help to identify Pustovoitenko as a close confidant of Kuchma already at that point of time. First, the position of Minister of Cabinet was the first office that Pustovoitenko held at the level of central government; before that he served as a mayor of Dnipropetrovsk, a very important industrial center but still just one of twenty five regional centers in Ukraine. Second, Dnipropetrovsk was also a place where Kuchma made a career as a director of Pivdenmash, the major rocket factory in the

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<sup>58</sup> The reasons and consequences of persistence in office, despite the high rate of cabinets' turnover, of several other key ministers will be discussed in the next section.

USSR. Thus both regional and professional ties of Pustovoitenko to Kuchma explained the Pustovoitenko's ascendance to the cabinet position. Content analysis of the Ukrainian press shows that there is an unanimous agreement among analysts about the personal loyalty of Pustovoitenko to Kuchma throughout all of Pustovoitenko's tenures in the cabinet office ("Zerkalo Nedeli", "Kyiv Post"1999)<sup>59</sup>. The fact that Pustovoitenko was president's first choice for the post of prime minister after the Lazarenko's cabinet dismissal underscores the point about the personal ties between these two politicians.

Pustovoitenko's premiership lasted for twenty seven months which is the cabinet stability record for Ukraine. His cabinet stayed in power longer than any of eight previous cabinets in Ukraine since 1991. The premier's compliance with the presidential leadership over the executive is the primary reason for cabinet stability. The president's confidence in the premier's loyalty also explains why dismantling the Apparatus took place only during Pustovoitenko's incumbency. Being secure about the premier's political support, the president no longer needed to support the omnipotence of the Apparatus to control the cabinet.

To conclude, reducing the Apparatus's role in the cabinet's decision making would have undermined the position of one of the closest political confidants of the president and ultimately diminished presidential influence on the cabinet at the time when president

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<sup>59</sup> The important role that personal social networks have played in making political or any other type of career both in the USSR and postSoviet successor states has become a subject of much research. See, for example, Ledeneva, Alena Russia's Economy of Favors : Blat, Networking, and Informal Exchange (Cambridge University Press 1999); Dinello, Natalia "Financial-Industrial Groups and Russia's Capitalism" in Micgiel, John, ed., Perspectives on Political and Economic Transitions after Communism (Institute on East Central Europe, Columbia University 1997). The binding power of personal loyalties, clan or group conformity, informal trust-based agreements and other attributes of social networks should not be exaggerated. The political career of another of president Kuchma's confidants, the former prime minister Pavlo Lazarenko, illustrates the point. Having the same regional and professional ties to Kuchma and being as much Kuchma's protégé as Pustovoitenko is, prime minister Lazarenko opted for open confrontation with president Kuchma when Lazarenko's political and economic interests came into conflict with those of the president.

repeatedly faced the political challenge on the part of premiers. Thus, however desirable the reform of Apparatus from a technical point of view, it could not find the political support on the part of president when the latter was insecure about the loyalty of the prime minister.

The discussion of this particular aspect of cabinet restructuring was undertaken here to illustrate the importance of political interests of the president for understanding the dynamic of administrative changes. The argument here is not that president is opposed to administrative reform in general. As was argued at the beginning of this chapter, administrative reform constitutes a kind of public good that the president has an electoral interest to provide. But the presidential efforts will be conducive to the reform plans as long as the latter do not clash with his immediate political concerns about control of the executive. In terms of cost-benefit analysis, the costs of restructuring the Apparatus were prohibitive for the president. Demolishing the Apparatus was more consequential for presidential ability to control the cabinet than any benefits derived from the improved organizational efficiency of the cabinet.

*The president's fear of intraexecutive competition and legal status of executive agencies*

Changing the role of Apparatus, however important, represents only one aspect of the conflict of interests between the president and prime minister. Other problems which affect the design and functioning of the executive include the contentious issues of

individual ministries' subordination, special status of certain governmental agencies, ministries' reform and reorganization.

*Provisions of unilateral appointment.* Given the permanency of potential threat of political rivalry on the part of prime minister, the president under a president-parliamentary framework has incentives to institutionalize his presence in cabinet. Having an exclusive unilateral right to appoint certain cabinet ministers is one way of institutionalizing the president's presence in cabinet decision-making. The president's appointees are more likely than cabinet members (whose appointment requires joint decisions of president and premier) to be guided in their activities at the cabinet by the interests of the president.

The immediate motive for the first Ukrainian president Leonid Kravchuk's attempts to secure his exclusive control over the key ministerial portfolios was to limit parliament's ability to exercise political pressure on the executive. Parliament exercised control over the cabinet by influencing the premier's choices of candidates for major cabinet positions. Kravchuk managed to obtain the parliaments' approval for the change in his powers over the composition of the cabinet in Spring 1992. According to the revised Constitution, the president received a right to propose not only the prime minister but also seven leading ministers of state for parliament's confirmation. These seven nominations included ministers of foreign affairs, defense, finance, justice, internal affairs, and the heads of the committees for customs and the defense of state borders. This provision was effective until the adoption of new constitution in June 1996 and turned to be very useful for presidents Kravchuk and Kuchma' ability to sustain their influence over cabinets at times when the latter were headed by rival premiers. As Wilson

(1997) notices both Ukrainian presidents guarded this right jealously against several prime ministers' attempts to assume fuller control of cabinet nominations.

*Creating new executive agencies and defining their status.* Another presidential strategy to secure a higher degree of control over the executive agencies was to grant to new executive agencies a special status which effectively took them out of control of the prime minister. The creation of new executive agencies, the prerogative of president, has been a powerful resource in the hands of president which has been used both for enhancing administrative capacities of the state and for the political goals of empowering himself institutionally vis-à-vis the prime minister.

The proliferation of new governmental agencies, in many cases, is a result of new problems and challenges that transition to democracy and market economy forces the state to deal with. Many government institutions and the functions they routinely perform in market-based democracies are either new for postcommunist countries or they existed in very different form. For example, the creation of central and local branches of State Tax Administration was dictated by the acute necessity to create tax collection institutions after the disintegration of old economic system led to the collapse of state revenues and the government's inability to finance budget expenditures. On these grounds, it would be problematic to argue that the desire to change the balance of executive powers between the president and premier is a major motive behind the president's decisions concerning the creation of new governmental bodies. However, one aspect of agency proliferation where presidential political motivation of this kind can be discerned is the issue of new agencies' subordination. When there are no technical or economic rationales for keeping a newly created agency out of the cabinet's structure and

lines of subordination but the official status granted to such an agency by the presidential degree does not make this agency accountable to the premier, than the legitimate suspicions about political motives in the agency's design can be formed.

To trace the political origins of some new agencies is often methodologically difficult because of challenges involved in gathering the appropriate information about the exact circumstances that led to the creation of agencies. These challenges which are inherent in any type of research examining the issues of institution building and personnel appointments are multiplied by the Soviet-type lack of transparency and abundance of secrecy surrounding decision-making in this sphere. It constitutes a problem especially for dealing with central government bodies with status lower than cabinet ministry: state committees, directorates, and departments. There is more information available about ministry-level positions. For example, the Lazarenko's second cabinet (6/96-8/97) did not include in its structure three newly created agencies whose heads had a status of minister: State Tax Administration, National Agency of Reconstruction and Development, Committee on Industry and Energy Complex. The presidential degree regulating the structure of the cabinet in Ukraine at that point did not mention those agencies (Kosonotska and Tomenko 1996).

The story of the National Agency of Reconstruction and Development illustrates the argument advanced here. The analysis of periodicals helps to identify the Head of National Agency of Reconstruction and Development as a president's confidant who previously headed the Ministry of Economics and, after resignation from that post, was appointed as a head of newly created National Agency of Reconstruction and Development. It is difficult to find an economic rationale for not including this agency in

the structure of cabinet. The absence of any functional necessity in a separate existence of such an organization is illustrated by the subsequent changes in this agency's goals and responsibilities. Under the same leadership, it turned, in less than a year, into National Agency of European Integration and, after the issues of European integration were transferred to the foreign ministry, its title and responsibilities changed for the third time ('Zerkalo Nedeli' 1998).

Whether the primary motive for the creation of this agency was the presidential desire to consolidate his control over the flows of foreign investments or to keep a loyal political supporter in the political game by creating an office for him is difficult to disentangle. Both motives were important and the latter consideration - to secure a job for his client - probably explains the exact timing of this agency's creation. Both considerations were also aimed at the achieving one goal, securing the president's influence over the executive. In this sense, intraexecutive competition over control of the executive is an additional stimulus for dispersing patronage appointments by the president.

Creating new agencies and shaping them in ways he likes is an easier strategy for the president to secure some control over the executive than trying to recapture the old institutions and bodies of the executive power. The latter ones, due to the very fact of their existence, have already developed vested interests both inside and outside of them, in preserving the ways these institutions and agencies are organized and function. Since the political costs of changing some old administrative institutions and bureaucratic organizations can be prohibitively high to the president, the anticipation of these costs induces the president to create new agencies with the latter often engaged in duplicating



the functions of the old agencies. The logic of presidential actions under the president-parliamentary framework is somewhat similar to the one that Moe (1994) detects in presidential systems. What is absent under the presidential constitutional framework, however, is the constraints imposed on the president by the very existence of the office of prime minister. Geddes (1994) shows difficulties that the president faces when the individual ministries in presidential regimes are controlled by his political opponents. No minister in presidential system, however, has organizational means and political standing available for the prime minister in president-parliamentary regimes.

Given Moe's argument, one possible criticism of focusing on intraexecutive competition is that the president's motivations for agency creation and particular design is caused not by the potential threats of the premier's competition but by the ultimate fear of the legislature. The presidential fear of the premier would be the mere extension of the presidential fear of the legislature if the latter had perfect ability to monitor cabinet and ensure premier's full compliance. Under the president-parliamentary framework, however, it is often very problematic to assume that parliaments, especially fragmented ones, has a close to perfect ability to impose its interests on the cabinet. The cabinet's dependence on parliament varies across the cases and so does the character of institutional conflict. In many cases intraexecutive competition can not be reduced to executive-legislative conflict.

*Qualities of cabinet decision-making under intraexecutive conflict.* Focusing for now on the dynamic of relations between the president and premier, several immediate consequences that intraexecutive political competition over control of cabinet ministries has for the quality of executive decision-making process are mentioned below. First of

all, dual intraexecutive control over the executive bodies creates problems for both the effectiveness and efficiency of cabinet operations. The assumption here is that effective governance requires streamlined structure of the central government with all central executive bodies reporting to the prime minister. The leadership of the cabinet should be exercised from one center which co-ordinates and supervises individual ministries, committees and other central government agencies. When some of individual ministries or other central agencies are not explicitly included in the structure of the cabinet and/or report to the president but not to the prime minister in their organizational and policy matters, then co-ordination and policy making in cabinet are impeded, different agencies perform the same tasks, and parallel flows of decisions and information persist.

Second, the individual ministers, who are formally subordinated to both the president and the prime minister, face a similar kind of dilemma that the premier experiences in his interactions with the president and the legislature. Having multiple principals whose interests diverge makes the ministers, explicitly subordinated to both the president and prime minister, develop a set of motivations which are hindering rather than conducive to the achievement of any policy goals envisioned by the principals.

Third, in president-parliamentary systems where presidents have an exclusive right to nominate/appoint and dismiss individual ministers, the principle of cabinet as a collegiate body accountable to parliament is heavily compromised. In other words, the executive decision-makers are not held accountable for policy failures in a systematic, predictable way. In Ukraine, as in other postSoviet countries, certain ministers stay in the office while prime ministers and their cabinets come and go. The preservation of continuity and stability in the discharge of important executive functions is often cited as

a justification for compromising the collective accountability of the cabinet. What is often ignored is the heavy costs that this state of affairs entails for the political responsibility of the cabinet, parliamentary capacity to influence the executive policies, and ultimately for citizens' ability to differentiate and choose among the alternative political programs and politicians associated with them.

### **Cabinet Restructuring in Russia**

The Russian president also has fears of political competition on the part of a premier. These fears, however, are not as acute as those of the Ukrainian president. The provisions of the 1993 constitution, which was tailored by Yeltsin to fit his immediate political needs, allow the Russian president to threaten parliament with dismissal when the latter disagrees with the president regarding the issues of cabinet formation and cabinet stay in office. Given these provisions, the position of a premier is likely to be occupied, most of the time, by a person who is close to president's ideal point.

The likelihood that parliament will approve the president's ideal choice of premier depends, among other things, on political costs that president has to endure in cases when he tries to impose his choice of prime minister on the legislature and on the premier's willingness to risk its own survival. These two factors are contextual and there are no legal means which would secure the president's ability to have his ideal prime minister candidate approved all the time by the legislature. Nor has the president constitutional means, other than ultimate dismissal, to keep a compromise premier from being politically disloyal and from seeking parliament's support. The formation and subsequent functioning of Primakov's cabinet, already discussed in the second chapter,

illustrates these types of threats that even a very powerful Russian president faces because of the dual nature of the executive in the Russian institutional setting.

Distrust of a premier, one can expect, should make the Russian president engage in behavior similar to that of the Ukrainian president. The president should jealously guard his rights to appoint and dismiss individual ministers; create, reorganize and dismantle ministries and other central bodies of the executive power; and make certain executive bodies directly accountable to him by assigning them a special legal status and taking them out of premier's control. In short, the president should attempt to create institutional safeguards of his control of the executive branch. The persistence of parallel administrative structures, the lack of cohesion and flexibility in the executive, diffusion of decision-making powers, and, ultimately, the lack of clear patterns of responsibility for making executive decisions will be the consequences of the presidential actions for the design and functioning of central public administration.

Yet the absence of intraexecutive competition as intense as in the case of Ukraine is an important characteristic of the political environment that the Russian president found himself in during the period of 1991-97. This environment, in turn, was a function of stronger presidential powers, both constitutional and political (or contextual), in Russia as compared to Ukraine. Yeltsin did not only coexist peacefully with both Chernomyrdin and Kirienko's cabinets but was also practically uncontested in his leadership over cabinet appointment and structural matters. The low level of intraexecutive conflict thus should have allowed the president and prime minister to extend more concerted efforts to reform the organization and functioning of the executive government.

In general, there are two complementary claims made here. First, the Russian intraexecutive relationship, due to its low conflict nature, is more conducive to cabinet reform than the Ukrainian one. Second, the president is ultimately unwilling to render the full control of the executive to the premier and this unwillingness impedes the rationalization of the executive government. Empirical support for both of these claims is discussed in two consecutive sections below.

### **Reforming central government**

While the dual character of the executive leadership under semipresidentialism constitutes an obstacle for enhancing the efficiency of cabinet organization, the prospects for streamlining the cabinet structure are much worse when the president and premier are caught in intraexecutive political conflict. The latter situation was illustrated by the Ukrainian difficulties of restructuring. How the absence of intraexecutive political rivalry during president Yeltsin's coexistence with Chernomyrdin and Kirienko's cabinets affected the cabinet reform in Russia is discussed below.

Despite the continuous diffusion of executive powers and cumbersome structure of deputy premier positions, the reform of central government in Russia went further than in Ukraine and the concerted efforts on the part of the president and the premier contributed to this advancement. The reform efforts were directed at increasing the role of individual ministries in policy making, reducing the number of ministries, shifting from the sectoral to the functional principle in their organization, and on changing the ways of the cabinet apparatus's involvement in cabinet functioning and policy coordination.

The most important cabinet restructuring measures in Russia to date took place during 1997. The timing of reform testifies to the importance of intellectual trends and to the role of international developmental institutions dealing with the issues of economic transformation in postcommunist countries. 1997 was a year when the World Bank and other international organizations dealt extensively with the issue of administrative reform as a necessary component of economic transition which should accompany the reform measures on privatization, financial stabilization, and structural adjustment of economy. The 1997 World Bank Report, published yearly, has the title The State in the Changing World and has devoted a considerable amount of attention to measures to improve the efficiency of state internal organization and on the restructuring of central government.

President Yeltsin's 1997 address to parliament has a similar focus on the necessity to undertake the reform of public administration as a major priority for the Russian government (Rossiiskie Vesti, March 6 1997). The title of his address, "Order in the Government - Order in Society", has reflected the growing awareness on the part of the executive leadership of impediments that the persistence of the Soviet-style public bureaucracy has created for the process of transformation in Russia. The presidential address was followed by a number of decrees dealing with several aspects of central government restructuring.

This contrasts with the Ukrainian president's approach to cabinet restructuring. Already in 1996 in the presidential address to the Ukrainian parliament, president Kuchma emphasized the need for the fundamental reform of the structure of central government as a major factor in improving government performance<sup>60</sup>. Yet no substantial

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<sup>60</sup> World Bank Mission Report cites one abstract from the presidential address where the president discusses the lack of improvement in the management of science despite the proliferation of science-

cabinet reform measures were initiated by the Ukrainian president during 1996 and 1997, which were the years when president was engaged in intense intraexecutive conflict with two consecutive premiers.

The incremental reduction both in the size of cabinet and in the number of central governmental agencies was one of the important consequences of the presidential decree-making in Russia. The change from 1996 - a year of the presidential election - to 1999 - was significant. The above-mentioned July 18, 1996 presidential decree, according to which Chernomyrdin was re-appointed as a cabinet head after the 1996 presidential elections, contained a provision that a prime minister has 11 deputy prime ministers. The same decree specified the structure of the executive: 24 ministries, 19 committees, 18 federal agencies and 5 other central executive agencies ( the Decree of the President of the Russian Federation, July 18, 1996). The March 17, 1997 decree N. 249, which followed the presidential address to parliament in 1997, reduced the number of deputy premiers from 11 to 8 and abolished 5 ministries and federal committees ( the Decree of the President of the Russian Federation, N. 249, March 17, 1997). By the beginning of 1998, a total number of central executive agencies in Russia was 61 as compared with 81 central executive agencies (according to the conservative estimate) in Ukraine (Prynts and Baziuk 1998). Given the fact that the Russian economy is much more diversified in terms of sectoral activity and roughly three times as big as the Ukrainian one, this finding is especially illustrative of the different dynamic in the restructuring of the executive in two countries.

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related agencies including the State Committee on Science and Technology, the State Patenting Department, the State Innovation Fund, the State Committee on Metrology, the Ukraine National Information Agency, the Academy of Science, etc. (Ukraine Public Sector Reform Loan, Preparation Mission Report, World Bank 1997).

The persistence of the executive agencies organized along sectoral rather than functional lines has been characteristic as much for the Russian as for the Ukrainian public administration during the first years after the breakdown of the Soviet Union. Yet, the transformation of sectoral or branch agencies in Russia has taken place on a faster pace. This is reflected both in a smaller total number of executive agencies and in the nature of agencies that are abolished or reorganized. The agencies that were abolished according to the March 17, 1997 presidential decree N. 249, for example, included the ministry of industry, the ministry of defence industry, state committees on paper industry and fishery, and the information policy committee. The ministries of information and construction lost their status and were reorganised into state committees (the Decree of the President of the Russian Federation, N. 249, March 17, 1997,). Before being abolished or transformed each of these agencies was engaged in practices incompatible with those that orthodox economic theory prescribes to the governmental agencies in a market economy. These agencies' sectoral orientation and interventionist policies have made them the obvious candidates for abolition when the idea of efficiency-enhancing reform of cabinet has become popular among policy-makers.

The apparatus of the cabinet has also undergone several changes reflecting a new perception of appropriate role and functions that this specific agency has to play if the structure of cabinet is to become more efficient and market-friendly. Already in March 1996 the cabinet issued an order N. 505 "Measures to Reduce the Size of Apparatus of Council of Ministers" (the Order of the Council of Ministers of the Russian Federation, N. 505, March 30, 1996). The order introduced a limit on the maximum number of civil servants that can be employed in the apparatus, spelled out new organizational structure,



and specified the number of deputies that the head of the apparat should have. A number of civil servants employed in the apparat was limited to 1270. A comparison with Ukraine where the apparat of the cabinet during the same year of 1996 employed between six and eight hundred people suggests that a relative weight of the apparat in the Russian cabinet was smaller than in the Ukrainian one. This suggestion is based on assuming an approximately similar size of cabinet relative

to a number of public sector employees and given the fact that the Russian public sector is approximately three times as big in absolute terms of employment as the Ukrainian one.

The next cabinet order regulating the structure and activity of the apparat was issued in April 1997 (the Order of the Council of Ministers of the Russian Federation, N. 484, April 8, 1997). This cabinet document was an intellectual offspring of the administrative reform plan outlined in the 1997 presidential address to parliament. A shift from the sectoral to the functional principle of the apparat's internal organization was specified in the order as a major element of the apparat's reform. The cabinet order also put in place a new structure designed to make the apparat in general, and its departments in particular, more responsive to the needs of individual ministries in coordination and communication.

The Statute of the Apparatus of Council of Ministers, introduced by another cabinet order, contained the provisions that further specified the duties and responsibilities of the apparat in the light of new functional tasks (the Order of the Council of Ministers of the Russian Federation, N. 604, June 18, 1998). The apparat, according to the Statute, was to provide the organizational support for the cabinet. The apparat's organizational efforts,

directed at facilitating the work of the cabinet, were confined in the document to such activities as preparation of auxiliary materials for cabinet meetings, processing cabinet correspondence, and coordination of cabinet interactions with the other institutions of government. Although the Statute also granted some controlling functions to the apparat, the exercise of controlling powers was neither specified in terms of domain nor procedurally defined. In sum, the Statute further diminished the ability of the apparat to intervene in the work of individual ministries and to impose its own preferences on the political superior.

The fact that all legal documents regulating the activity of apparat had the status of cabinet orders - not presidential decrees - and were solved in routine cabinet manner indicates the absence of political interest on the part of president in apparat matters. No evidence of presidential political involvement in the apparat-related issues have been reported in the press. The political standing of the head of the apparat was effectively diminished by the 1997 presidential decree N.249 which established a new structure of the cabinet (the Decree of the President of the Russian Federation, N. 249, March 17, 1997). According to the decree, the head of the apparat no longer enjoyed the status of a deputy prime minister but still retained the position of a federal minister.

***Installing institutional safeguards of presidential control over the executive.***

The president's distrust of a premier and the consequent attempts by the president to enhance or, at least, to preserve the executive powers awarded to him by the constitution are best discerned in law- and rule-making that the president is routinely engaged in. Since the constitution includes only the most basic and essential provisions,

there is a need to elaborate constitutional provisions in order to specify further the rules and norms, or, to assign to the political actors the residual rights which should guide them in the situations which are not covered in the constitution (Frye 1994). The way that general constitutional norms regulating president-cabinet relationship are interpreted in presidential decrees and orders is indicative of the goals and concerns that the president has with regard to the design and functioning of the executive.

The Russian constitution of 1993 gives to the president several instruments to influence cabinet formation and structure. Regarding the former, the president appoints a premier subject to the consent of the lower chamber of the Russian parliament, appoints and dismisses deputy premiers and federal ministries who should be nominated by the premier, and also has the unconditional right to dismiss the premier and his cabinet (Art. 83). The President also has a major say in how the structure of cabinet is set up. The newly-appointed premier has to submit to the president the proposal on the structure of central bodies of executive power (Art. 112). The presidential decree then turns the premier's proposal into law.

In the same time, the 1993 constitution does not give to the president any exclusive control over the executive agencies and does not contain clauses which could be interpreted as allowing the president to create unilaterally federal bodies of executive power except for the Security Council of Russian Federation (Art. 83). Regarding other aspects of presidential control of the executive, the constitution also mentions, but without any specific elaboration, that the president should "supervise the conduct of the foreign policy of the Russian Federation" (Art.86) and "endorse the military doctrine of the Russian Federation" (Art. 83). In these areas, the constitutional powers of the

president are the usual powers attributed to the head of state. They include the rights to appoint and dismiss the supreme command of the armed forces; to appoint and recall, after consultations with the respective committees or commissions of parliament, diplomatic representatives of the Russian Federation to foreign states and international organizations (Art. 83).

Yet, the fact that the constitution allows the president to issue decrees and executive orders, without limiting their scope or domain and only restricting them to being non-contradictory to the constitution and federal laws, creates an opportunity for the president to regulate residual situations according to his preferences. At the same time, the presidential veto power and the upper chamber's involvement in the legislative process form substantial obstacles to the ability of the State Duma, the lower chamber of the Russian parliament, to structure the residual matters of executive governance to its liking.

One way that the Russian president formalizes or institutionalizes his control over the executive is through the issue of decrees which regulate the activity of key federal ministries. These decrees tend to deal with such major issues of agencies' functioning as specification of goals and objectives, definition of functions and responsibilities, restrictions on the exercise of powers, etc. The important part of these documents is the specification of the lines of superiority and subordination. As one of the most detailed Russian-language studies of the presidency, Okun'kov's Prezident Rossiiskoi Fedaratsii, indicates the presidential decrees do not allow for the clear separation of authority between the offices of the president and the prime minister with regard to the individual executive agencies (Okun'kov 1996). Both the president and premier can issue orders to

these agencies, request information from them, and authorize their actions. There is no clear guidance either in the constitution or in the presidential decrees regulating the functioning of the executive which would help to separate the exact domain of presidential powers and prerogatives as opposed to those of the cabinet.

Okun'kov's study cites the evolution of the executive power on the regional level to illustrate how the dual nature of administrative leadership and political management of the executive is reinforced by the presidential decrees regulating the activity of regional state administration. For example, one of such decrees stipulates that the state administrations of the Russian Federation members are subordinated to both the president and cabinet "in issues that fall under the authority of the Russian Federation and under the joint jurisdiction of the Russian Federation and the subjects of the Russian Federation" (the Decree of the President of the Russian Federation, October 3, 1994). Initially, the presidential ability to exercise control over the executive leadership of the Russian regions was mainly based on the political practices which have developed since 1991. Insufficient reliability of such a foundation for the continuation of the presidential ability to influence the executive, according to Okun'kov, explains the presidential efforts to transform his informal and practice-based authority over the executive into the legal powers of both normative and procedural character.

A pattern similar to the one mentioned in Okun'kov's study is evident in the presidential decrees and executive orders regulating the work of individual ministries and the organization of the cabinet in general. Regarding the individual ministries, for example, the August 16, 1996 Presidential Decree subordinates twelve of the total sixty six ministries and other central executive agencies directly to the president (the Decree of

the President of the Russian Federation, N.1177, August 14, 1996). The Statute of Ministry of Internal Affairs, one of these twelve executive agencies, was issued later in the form of a presidential decree and stipulated that “the Ministry is subordinate to the president of the Russian Federation in matters regarding his authority under the Constitution of the Russian Federation and through legislative acts of the Russian Federations, and is also subordinate to the Government of the Russian Federation” ( the Decree of the President of the Russian Federation, July 18, 1996). The wording of the document is indicative of underlying distribution of authority over the control of the key executive agency. The major statement of the cited paragraph is that the ministry is subordinated to the president; subordination to the cabinet is not the major but only the additional relationship that the ministry is involved in.

Regarding the overall organization of the cabinet, the president has established the practice of endorsing the modification of the central government’s structure every time that significant changes in the personal composition of the cabinet take place or new cabinet is elected. While the Russian constitution stipulates that the power to appoint deputy prime ministers and federal ministries, nominated by the premier, belongs to the president, neither the constitution nor the 1997 law on the cabinet deals explicitly with issues of structure. In practice, the presidential decrees regarding cabinet structure specify the exact number of the first deputy prime ministers and deputy prime ministers, list the number and the titles of federal ministries and other central executive agencies included in the system of the federal executive power.

The fact that the number of both the first deputy prime ministers and deputy prime ministers, for example, vary substantially from one cabinet to another indicates the

president's usage of the power to restructure a cabinet as an important patronage resource in the changing political environment. Depending on the latter, it turned out to be in the president's interests to have several first deputy prime ministers and as many deputy prime minister positions as there were politicians representing the important societal groups which president sought to co-opt by appointing their representatives in the cabinet.

The tendency to have a cabinet, which is overcrowded with deputy premiers, received some amount of attention from analysts studying Russia. The Russian cabinet after the 1996 presidential elections, for example, had three positions of the first deputy prime ministers and eight of deputy prime ministers reflecting, to some extent, the presidential need to reward his supporters in the presidential race (Boilard 1998)). The frequent changes in cabinet leadership on the level of both first deputy premiers and deputy premiers in the turbulent 1993, according to Mau, testified to the president's policy of co-opting the influential politicians and balancing among the competing interests both in the Congress of People's Deputies, a representative body, and in the parliament (Mau 1996). In any political context, as the Russian president has found out, the benefits from the presidential ability to be flexible with the structural design has outweighed the costs of organizational inefficiencies imposed by the constantly changing structure of the executive government.

Although the proliferation of deputy premier positions in Russian cabinets during 1991-98 primarily reflected presidential bargaining with the most influential parliamentary factions and societal groups, there were also some conflicts, not explicitly stated, between the president and the premier regarding the cabinet structure. The

existence of these tensions can be traced in several cabinet restructuring proposals of the premier which did not find presidential support. The differences in opinion during 1997, which is the most important year for the central government reform in Russia to date, can serve as an example. The prime minister Chernomyrdin's proposal to reduce the number of the first deputy prime ministers from three to one was initially supported by the president (the Decree of the President of the Russian Federation, N. 211, March 11, 1997). Yet, the two presidential decrees which dealt with the issues of cabinet restructuring and personal appointments later that year specified that the prime minister has two first deputies (the Decrees of the President of the Russian Federation, N. 250 and 251, March 17, 1997). As the analysis of the Russian periodicals shows, both of the first deputy ministries, Boris Nemtsov and especially Anatolij Chubais, were considered to be the president's confidants and were in opposition to premier Chernomyrdin at the moment of their appointment (Komersant 1997).

The active participation of the president in executive matters and the parallel existence of presidential and premier's government is not what some proponents of semipresidentialism in Russia hoped for (Yegorov 1996). The 1993 constitution provides the president with special status which put him aside or "above" the executive. The constitution stipulates that the president does not belong to any branch of government but coordinates the work of all branches. Coordination and resolution of disputes among the different state authorities, and not the everyday management of the executive, are, according to the constitutional experts, the major function of the president under the constitutional framework of 1993 (Okun'kov 1996).



The president's reluctance to live up to these expectations is partly explained by the lack of any power resources other than those of the executive that the president could rely on if he is to coordinate and facilitate the smooth functioning of the overall government. The absence of organized political party support substantially weakened the presidential ability to rely on the mechanisms of party-mediation in conflict resolution. Alternative sources of presidential power in conflict resolution - head of state credentials, moral authority, or personal charisma - do not provide a stable ground for solving political conflicts or coordinating diverse government activities. It also turned out to be quite unrealistic to expect that the president, empowered by the direct electoral mandate and very substantial legislative and non-legislative powers, would abstain from active involvement in the executive politics and would assume a non-partisan position as an "above party" arbiter.

As the content analysis of the presidential decrees show, instead of surrendering his executive powers to the premier in order to strengthen cabinet policy making functions, independence and responsibility, the president has pursued strategies which ensure the continuation of his influence and control over the executive. With regard to the individual executive agencies, the president has engaged in the regulation of their activities and the creation of norms which institutionalize the exact patterns of cabinet members' accountability to the president. Presidential decrees specify both the individual agencies' responsibilities to the president (such as order execution, reporting, consulting, etc.) and presidential powers with regard to the executive bodies (such as the rights to give commands and orders, set criteria for evaluation, impose sanctions, etc.). With regard to the overall structure of cabinet, the president has opted for flexible rather than

rigid institutional arrangements which allow him to modify cabinet structure every time the changing political circumstances require re-distribution of deputy premier positions and cabinet portfolios among the competing political actors.

While the cabinet reform measures in Ukraine were stalled by the recurrent instances of intraexecutive conflict during both president Kravchuk and Kuchma's terms in office, the intraexecutive peace in Russia facilitated several important changes, especially during 1997, in the organization and operation of the central government. These changes have included a substantial reduction of the size of cabinet; abolishing a large number of executive agencies whose functions became redundant or obsolete; significant progress in the functional reorientation of central bodies of executive power; and reorganization of the cabinet apparatus according to technical rather than political criteria.

Focusing on the low level of intraexecutive conflict, only one element of politics in Russia, does not imply that the main credit for undertaking the cabinet reforms should be attributed to the fact that the president and prime ministers were not engaged in conflicts with each other. Intraexecutive peace was rather a permissive condition which made the key politicians in the executive more responsive to the various forms of pressure for administrative reform. These pressures have been generated by economic and social reforms which preceded administrative change, by the position of regional authorities whose power became embodied in the principle of constitutional federalism, and by the international donor community which consisted of both Western governments and international financial institutions.

The preoccupation with the level of intraexecutive conflict in this chapter in general does not imply either that harmonious intraexecutive relations may fully alleviate presidential disincentives to make the structure of the cabinet more efficient. Uncertainty about the political loyalty of a prime minister will keep both the Russian and Ukrainian presidents from dismantling the institutional safeguards of their influence over cabinet and will induce the presidents to sacrifice further the structural and organizational efficiency of the executive for the sake of their political safety. These actions on the part of the presidents constitute a serious obstacle for the market-friendly evolution of central government organization in both countries.

### *Conclusion*

The existence of a close relationship between the design of the constitutional framework and the structure of public bureaucracy is one of the major hypotheses of this dissertation. To find out whether there is any empirical support for this hypothesis, Chapter 4 offered the comparative analysis of the political dynamics of bureaucratic restructuring in Russia and Ukraine. The president-parliamentary constitutional framework has regulated the functioning of semipresidential regimes in both countries most of the time during the 1990s. Due to built-in potential for intraexecutive competition, the presidents faced powerful disincentives for advocating the rationalization of central government organization. As a result, both regimes face similar problems in the design of public bureaucracy: diffusion of the executive powers between the office of president and cabinet; proliferation of bureaucratic agencies with

overlapping functions; poor coordination and duplication of functions among executive agencies.

At the same time, the chapter argued that there are substantial differences between Russia and Ukraine in the success of administrative restructuring. These differences are traced to variation in the patterns of intraexecutive relations between the two countries. Due to differences in constitutional design, presidential control over the cabinet is much stronger in Russia than in Ukraine. The Russian president was more willing to launch serious efforts to restructure central bureaucracy because he was secure in his leadership over the executive. Unlike their Russian counterpart, both Ukrainian presidents faced numerous challenges to their leadership on the part of the prime ministers.

Significant reforms of central bureaucracy in Ukraine were introduced only during the lasting period of intraexecutive cooperation. These reforms have included a substantial reduction of the size of the cabinet; abolishing a large number of executive agencies whose functions became redundant or obsolete; significant progress in the functional reorientation of central bodies of executive power; and reorganization of the cabinet apparatus according to technical rather than political criteria. Intraexecutive peace was a permissive condition which made the president and the key politicians in the executive more responsive to the various forms of pressure for administrative reform.

## **Chapter V**

### **Cabinet Organization and Central Government Reform in Premier-Presidential Regimes**

The discussion in this chapter is organized around two interrelated topics. The first section discusses how a premier-presidential constitutional design affects the administrative restructuring of the central government. Cabinet restructuring in premier-presidential and parliamentary regimes is first compared by analyzing the ministerial composition of respective governments. A statistical model is developed later in the text to estimate how the cabinet size in Eastern European democracies is affected by variation in the constitutional design of the executive, the party composition of cabinets, and the institutional legacies of the communist period. While coalition formation and the party composition of cabinets is one of the most advanced research areas in comparative politics (Laver and Schofield 1990; Laver and Shepsle 1994), there are virtually no theoretically informed studies on the political determinants of cabinet size. By examining whether the size of cabinet is systematically related to a set of political variables, this chapter makes an attempt to theorize about cabinet organization.

The second section of the chapter examines the temporal dimension of cabinet restructuring and evaluates the progress achieved by individual countries in reforming executive government. The experience of premier-presidential regimes is compared to the experience of parliamentary systems. A discussion of the impact that institutional evolution of premier-presidential regimes has on the direction and speed of central government reform concludes the chapter.

### **Intraexecutive competition under a premier-presidential constitutional framework**

The common theoretical framework that underlies the discussion in all chapters of this research project stresses the importance of patterns of cooperation and conflict among major institutional players (presidents, prime-ministers, and parliaments) for understanding the dynamics of administrative reform. The interests of these actors with regard to administrative restructuring are shaped by their institutional positions and their strategic interactions with other players. The previous chapter examined how political competition between the president and the premier under president-parliamentary constitutional framework made the efficiency enhancing restructuring of the central government less likely. The same analytical focus maintained in the current chapter: the premier-presidential constitutional design is expected to have the adverse effect on the countries' ability to restructure their executive government. The different set of methodological tools and different data is however used to test this hypothesis.

Similarly to president-parliamentary regimes, premier-presidential regimes have built-in incentives for intraexecutive competition. The prospects of, or actual, intraexecutive conflict affect the president and the premier's choices with regard to cabinet restructuring and shape their reform agenda. Although limited executive powers, awarded to the president by the premier-presidential constitutions, effectively diminish the president's ability to intervene in matters of cabinet functioning, the president plays the important role at the stage of cabinet formation that enables him to effect cabinet composition and size. This may result in cumbersome cabinet organization because the

diverging preferences of the president and the legislature have to be incorporated under the same institutional umbrella of the cabinet.

Most literature dealing with cabinet formation in parliamentary regimes with elected presidents assumes that the presidential role in nomination of the prime minister is not strategic (Laver and Shepsle 1996). In those Western European democracies where the president, as head of state, designates someone to lead the process of government formation, presidential participation is considered to be of very limited importance<sup>61</sup>. As it was shown in chapter 2, the presidential power to nominate a prime-minister candidate is an important factor in determining the outcome of the cabinet formation process in premier-presidential regimes. The existence of a popularly elected presidency with the considerable legislative and non-legislative powers has a systematic effect on how cabinets are formed. Presidential involvement in executive matters is not only limited to selection of personalities, presidents aspire to influence the choice of cabinet organizational structures and executive procedures. To examine the effects of presidential involvement in executive matters in premier-presidential regimes, the characteristics of cabinet organization in premier-presidential systems will be compared with those of parliamentary systems.

**I expect that premier-presidential regimes will be less successful in cabinet restructuring than parliamentary regimes. The president's participation in cabinet formation and the logic of dual executive arrangement, which encourages intraexecutive competition for the cabinet control, have an adverse effect on the efforts to reduce the size of cabinet, to change the structure and function of**

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<sup>61</sup> As Laver and Shepsle (1996) observe: ‘.. we are aware of no scholarly treatment in the government formation literature of the role of the head of state, strategic or otherwise’ (p.52).

**ministries, and to consolidate executive powers inside the cabinet. Given these qualities of premier-presidential constitutional design, a systematic relationship is expected between the regime type variable (premier-presidential/parliamentary regime) and government performance in cabinet restructuring. It is also hypothesized here that the type of constitutional regime will be significant in predicting the success of cabinet restructuring even after controlling for other potential explanatory variables such as the size and the ideological orientation of the ruling coalition in parliament.**

#### **Regime Type and the Size of Cabinet.**

Comparison of cabinet size under different constitutional designs can serve as one test of theoretical predictions regarding the effects of variation in institutional framework on the process of administrative restructuring. Reforming the cabinet involves, among other tasks, dismantling the old socialist-type machinery of government, introducing functionally-based cabinet structure with more efficient internal organization and clearly defined policy areas, restructuring and liquidating sectoral ministries and other bodies of executive power. Reducing both the number of cabinet portfolios and the overall number of cabinet members is considered in the literature on public administration reform as one of the necessary steps for increasing the managerial efficiency of the executive branch of government (World Bank Annual Report 1997; Kravchenko 1997; Nunberg 1999). The need to reform and downsize certain aspects of cabinet organization is rather similar across the postcommunist countries and allows for broader comparative analysis and necessitates using statistical techniques to test the hypotheses suggested in this chapter.



Measuring the cabinet size also provides important information with regard to the temporal dynamic of administrative reform at the level of the central government.

Two measures of cabinet size are explored here. First is the number of ministerial portfolios in cabinet. The ministry is the major structural component of cabinet organization. The number of portfolios is a sum of all ministerial structures found in any given cabinet. The second measure is the number of cabinet members. This measure includes both the heads of ministries and politicians who have status of a cabinet member but do not preside over an executive agency. These politicians can serve as deputy prime-ministers, ministers without portfolio, etc. The right to vote on matters requiring collective decision-making by the cabinet is the defining characteristic of cabinet membership. While the number of cabinet members is not as good measure of administrative change as the number of cabinet portfolios, the former number provides some indication on how diffused the decision-making in cabinet is. The literature on administrative reform characterizes cabinet decision-making in post Soviet governments as very defused (Sundakov 1995).

To see whether the empirical trend supports theoretical expectations of divergence in cabinet size across the different types of constitutional regime, the data on the size of cabinets formed in selected East European countries during 1990-1999 period has been collected in Appendix V.I. **Table 5.1** below offers the summary of findings about the size of cabinet in premier-presidential and parliamentary regimes. This table and the regression analysis undertaken later in the text do not include the observations on cabinet size from president-parliamentary regimes of Russia and Ukraine. Due to the extremely cumbersome structure of central governments in these countries, the data on

cabinet organization from these largest post Soviet republics is not quite comparable with the rest of the sample. During the first half of the 1990s the Russian and Ukrainian cabinets had at least twice as many ministries as any other East European cabinet. Including the observations from these two countries in the data set would bias the statistical results in favor of the argument about the adverse effect of dual executive arrangement on cabinet restructuring.

**Table 5.1 Average Size of Cabinet in Postcommunist Countries of Eastern Europe, 1990-99<sup>62</sup>**

Type of Constitutional Regime	Country	Number of Cabinet Portfolios	Number of Cabinet Members
<b>President -Parliamentary</b>			
	Kazakhstan	27	29
	Russia	30	32
	Ukraine	33	37
<i>Average for president-parliamentary regimes</i>		<b>30</b>	<b>33</b>
<b>Premier-Presidential</b>			
	Lithuania	17	18
	Moldova	18	20
	Poland	19	20
	Romania	22	25
<i>Average for premier-presidential regimes,</i>		<b>19</b>	<b>21</b>
<b>Parliamentary</b>			
	Czech Republic	15	17
	Estonia	13	15
	Hungary	14	17
	Latvia	14	15
<i>Average for parliamentary regimes, 1990-1999</i>		<b>14</b>	<b>16</b>

Source: Data from Europa World Year Book, World Political Handbook

The numbers in the third column represent the average number of cabinet portfolios or line ministries for each country. The numbers in the last column include

<sup>62</sup> To calculate the country's averages only cabinets formed after parliamentary elections were counted. Since each of the countries represented in the table went through three or four rounds of democratic elections, the similar number of cabinets in the case of each country, three or four, provided the basis for calculating the averages<sup>62</sup>. On the basis of country's averages, the average indicators for premier-presidential and parliamentary regime types were determined.

both the cabinet ministers responsible for individual portfolios and other politicians who had the official status of cabinet member. Only full cabinet members who had an unrestricted right to vote in cabinet matters were included.<sup>63</sup> Appendix V.I at the end of the chapter contains data on the number of portfolios and the membership of 68 cabinets found in premier-presidential and parliamentary regimes that are included in the table 5.1 since 1990.

As the table shows, parliamentary regimes had consistently smaller cabinets than premier-presidential regimes. The average number of cabinet portfolios was 14 in parliamentary regimes and 19 in premier-presidential regimes. The difference in the average number of cabinet members between these two regime types was of the same magnitude, parliamentary cabinets had on average 16 members and the comparable number for premier-presidential cabinets was 21. The only significant outlier in the sample was Romania where both cabinet portfolios and cabinet membership averages were substantially higher than in the rest of premier-presidential regimes, 22 portfolios and 25 cabinet members respectively. Even excluding the case of Romania, both indicators remain substantially higher for premier-presidential regime type in comparison with parliamentary regimes.

How important are those differences in cabinet size? The change even in one portfolio is meaningful because it affects both the cabinet structure and cabinet decision-making process. The introduction or abolition of a ministry changes how policy areas are defined and who the principal decision-makers are. It also has the potential to empower

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<sup>63</sup> State secretaries, first deputy ministers and other politicians are regarded as members of the cabinet in several East European countries. Their right to vote in cabinet matters, however, is limited largely to the specific issues which fall under the jurisdictions of their cabinet ministries or departments. Excluding cabinet members with restricted voting rights from the table 5.1 allows me to discuss more comparable numbers of political decision-makers in a cabinet.

or weaken certain bureaucratic and political interests. From the organizational point of view, the larger the cabinet the more difficult it is to coordinate tasks and make decisions. Other things being equal, more diffusion in executive responsibilities brings less effectiveness in cabinet decision-making.

How to explain the differences in cabinet size? One could expect that underlying structural characteristics of individual countries influence the cabinet organization. Countries that have a lot in common are more likely to have similar cabinets. The geographic location, as a proxy of underlying similarities, however does not provide immediate answers. The differences in the cabinet size cut across geographic areas and regional characteristics. **Table 5.2** rearranges data on cabinet size according to the sub regional division.

**Table 5.2 Cabinet Size and Regional Division**

<b>Region</b>	<b>Country</b>	<b>Regime Type</b>	<b>Average Cabinet Size</b> (Cabinet Portfolios/Cabinet Members)
<b>Baltic</b>	Estonia	Parliamentary	13/15
	Latvia	Parliamentary	14/15
	Lithuania	<b>Premier-Presidential</b>	17/18
<b>Central Europe</b>	Czech Republic	Parliamentary	15/17
	Hungary	Parliamentary	14/17
	Poland	<b>Premier-Presidential</b>	19/20
	Slovakia	Parliamentary	16/18
<b>South-East Europe</b>	Bulgaria	Parliamentary	15/16
	Moldova	<b>Premier-Presidential</b>	18/20
	Romania	<b>Premier-Presidential</b>	22/25

Source: Data from Europa World Year Book, World Political Handbook,

For the researcher interested in examining the effects of political institution, Table 5.2 indicates that the research process can be facilitated by the existing variation of constitutional forms. Countries as similar with respect to several basic political and socio-economic indicators as Estonia, Latvia, and Lithuania or as Czech Republic, Hungary, and Poland have opted for substantially different organization of governmental institutions. While Estonia, Latvia, Czech Republic and Hungary adopted at the very beginning of their democratic transition a parliamentary constitutional framework, the Lithuanian and Polish constitutional frameworks approximated a premier-presidential ideal type of constitutional design. By standards of comparative cross-country research, the underlying structural similarities among countries belonging to the same sub regional group are rather substantial. These similarities make it more legitimate to use Przeworski and Teune's most-similar systems research design technique to examine whether the existing variation in constitutional design of executive institutions has a traceable effect on character of administrative reform in general and on cabinet restructuring efforts in particular.

Countries may also experiment with constitutional setting. The rules for cabinet formation in general and for the presidential involvement in this process in particular have changed in some postcommunist countries several times during the 1990s. These constitutional experiments further encourage questioning the conventional wisdom that both the organization (size) of cabinet and the choice of constitutional framework are predetermined by underlying structural characteristics of country.

### **Political variables in studies of cabinet organization**

How do political factors influence the observed differences in cabinet size? The comparative politics literature on cabinet formation does cover this problem. The literature's focus is on the allocation of portfolios among the parties which constitute a ruling coalition (Laver and Schofield 1990, Laver and Shepsle 1996). The administrative structure of cabinet is exogenous to vast majority of cabinet formation studies found in the literature. The number of ministries and ministries' jurisdiction are assumed to be pre-established and constant. Political competition among parties during cabinet formation process is about how to distribute this fixed number of pre-defined portfolios.

What these models of cabinet formation process do not address is how the different continuums of policy areas are sliced into separate portfolios jurisdictions and what determines the number of those portfolios in the first place. They do not say what factors, if any, can have systematic influence on whether, for example, one integrated ministry will deal with the various issues of social policy or several individual ministries (social welfare, labor, family and youth, etc.) will divide social policy spectrum in separate domains. Answering this question is important because, as several studies sponsored by IMF and World Bank indicate, the way the jurisdictions are defined or divided bears a substantial impact on how policy formulated and implemented (Sundakov 1995).

The lack of interest in the cabinet formation literature to the structural aspects of cabinet organization is partly explained by the lack of variation in how the core portfolio jurisdictions are defined across the countries. Cabinets invariably include ministries of finance, foreign affairs, justice, defense, etc. This persistent similarity in the core



structure of cabinet does not encourage the efforts to examine how political competition in the process of cabinet formation affect the very structure of cabinet (Laver and Shepsle 1996)<sup>64</sup>. Yet, as table 5.1 indicates the number of cabinet portfolios and thus the cabinet structure do vary substantially. Appendix V.II also shows that there is a significant variation in how policy areas and ministries responsible for those areas are organized in East European countries.

### **Political determinants of cabinet size: statistical model.**

Data in Tables 5.1 and 5.2 indicates that when cabinet size in semipresidential and parliamentary regime is compared, the cabinets formed in semipresidential regimes have consistently larger size. To see whether the regime type is a statistically significant predictor of cabinet size or other variables such as cabinet type (single party or coalition cabinet) and size of pre-1989 cabinet (cabinet size during the communist period) account for the differences in size of cabinets in new East European democracies, statistical analysis is proposed below.

Three sets of institutional factors that are hypothesized to be important in explaining the variation in cabinet structure are included in the model: regime type, cabinet type, and cabinet organization during communist period. To evaluate the significance of these factors across the number of cabinets formed between 1990 and 1999 in the Central and East European countries, the observations on cabinet size were organized in time-series cross-sectional data which is characterized by “pooling”

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<sup>64</sup>Acknowledging that the problem of cabinet portfolio composition is undertheorised, Laver and Shepsle stress the fact that the substantive structure of core cabinet portfolios remains remarkably similar across West European democracies. They argue that the key policy jurisdictions are determined by factors other than country-specific party competition over cabinet formation.

observations together: it is assumed that the size of cabinet is characterized by the same regression equation at all points in time and across the countries. There are ten panels/sections which contain observations on the size of newly formed cabinets in each individual country.

The observations are collected on quarterly basis. Given the fact that new cabinets are not formed on quarter, annual or any other type of regular time period, there is a number of missing observations in the data set. Table 5.3 at the end of the chapter lists non-missing data observations on cabinet formation in East European countries on quarterly basis. The number of non-missing observations varies across the countries. For example, there were seven cabinets formed in Poland since 1991 and only four cabinets formed in Hungary during the same period of time.

The collected data thus approximates a pooled set of non-continuous time series with unbalanced structure (Palmer and Whitten 1999). To estimate this data with least squares regression models, two data transformation techniques are used. First, Beck and Katz panel-corrected standard errors are calculated (Beck and Katz 1995). Missing observations are estimated and included to balance the structure of data set. Balancing the structure of the data facilitates estimation of panel-corrected standard errors. As Beck and Katz show in a number of statistical experiments, ordinary least squares regression model produces efficient and accurate estimates of variable parameters when panel-corrected standard errors are used to estimate sample variability<sup>65</sup>. Second, a lagged dependent variable is introduced to correct for serial correlation complications of the error process.

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<sup>65</sup> One of the assumptions of ordinary least squares is the presence of “spherical” errors. Time-series cross-section data is characterized by complicated error structure: error terms may have different variances across the units (panel heteroscedasticity) and may be dependent on each other (serial and spatial correlation). Standard errors calculated from nonspherical error terms are inaccurate in estimating the variability of parameter estimates, which prohibits the correct computation of confidence intervals and statistical tests.

While panel-corrected standard errors help to account for panel heteroscedacity and spatial correlation of error terms in the data set, they do not help to eliminate serial correlation of errors. The latter dynamic is modeled with a lagged dependent variable<sup>66</sup>.

*Units of analysis:* cabinets in East and Central European countries. The number of observations is 68. This number includes all the cases of cabinet formation in countries represented in Table 5.2. The data set pools thirty-two quarters from 1990 to 1999 across ten countries. Given the scarcity of systematic data on cabinet reshuffles, only the change of prime-minister was used as an indicator of new cabinet formation<sup>67</sup>.

*Dependent variable:* cabinet size. Two alternative specifications of the dependent variable are used for regression analysis. The first dependent variable is the number of cabinet portfolios. The second is the number of cabinet members. Both variables are continuous. The range for the first variable is 12-28. The range for the second is 13-32. Using these alternative specifications of dependent variable should provide additional insights in the relationship between politics and cabinet structure. The second dependent variable, the number of cabinet members, is anticipated to be more sensitive than the first dependent variable, the number of cabinet portfolios, to the influence of a set of political variables. It is easier for the politicians to manipulate with cabinet membership numbers than to create or dismantle ministerial structures.

*Independent variables:*

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<sup>66</sup> Beck and Katz (1995a) provide a detailed discussion of options for handling serial correlation. Treating cross-sectional complications of data via a lagged dependent variable has several advantages vis-à-vis treating the same dynamics via calculating and transforming serially correlated errors. Stimulation of clear thinking about the underlying logic of the model is the most important of those advantages.

<sup>67</sup>Other indicators of cabinet change that can be found in the literature on OECD countries include: simultaneous change of four or more cabinet ministers, party withdrawal from the cabinet, and inclusion of a new party in the cabinet.

1) *Regime type*: a dichotomous variable which takes on a value of 0 when the cabinet is formed under a parliamentary constitutional framework and a value of 1 when cabinet formation takes place under a premier-presidential constitution. The size of the cabinet is expected to be positively correlated with the change from 0 to 1 in regime type.

A semipresidential institutional arrangement is expected to make cabinet restructuring, which is understood here as reducing the number of cabinet portfolios, more difficult because of two interrelated factors. First, the president may have direct interest in preserving the existing ministries and creating new executive agencies. The presidency is a highly personalistic office. The existing ministerial structures and new executive agencies can be an important patronage resource for the president to reward his political supporters or to fortify his influence over the executive branch, assuming that the partial control of cabinet appointment powers enables the president to secure some of the cabinet portfolios for his political confidants. The reduction of cabinet size substantially decreases the president's ability to rely on this crucial patronage resource.

Second, cabinet restructuring is likely to be impeded by intraexecutive competition between the president and the prime-minister. Even when preserving some old administrative structures is not in the best interests of these political actors, the persistence of an old cabinet structure with a large number of ministries can be the unintended consequence of a power struggle over control of cabinet. Since cabinet restructuring has substantial consequences for the distribution of power over the executive, both the president and the prime minister may have to adhere to the status quo to avoid radicalization of intraexecutive conflict.

2) *Cabinet type*. For the purposes of this analysis, cabinets are classified into three categories: minority cabinets, single party majority cabinets, and coalition majority cabinets. This classification is introduced to explore whether the different types of cabinets have a significant effect on cabinet size. The prevailing intellectual trend in postcommunist countries, which is magnified by the pressure from international organizations and donor countries, is to rationalize cabinet organization. The reduction of the number of cabinet ministries is one component of such rationalization. Cabinet type may influence how this pressure for restructuring is translated into actual policies.

A single party majority cabinet is used here as a reference category for creating two dummy variables. One dummy variable is for the coalition majority cabinets and the other is for the minority cabinets. Each cabinet that is a coalition majority cabinet will have a score of 1 on a dummy variable called “*coalition majority cabinet*”; all other cabinets will have a score of 0 on this variable. The “*minority cabinet*” variable assumes the following values: 1 – when the cabinet is a minority cabinet; 0 – when the cabinet is not a minority cabinet.

Single party majority cabinets, due to the character of their political composition, are expected to experience minimal internal pressure for portfolio or membership proliferation. They are also more likely to eliminate the obsolete ministerial structures. The leadership of the party, due to the party’s majority status, has the power to change the structure of cabinet. It does not need to create new portfolios. It is most likely to satisfy all the needs of rewarding its key members without incurring the costs of portfolio or membership proliferation, which is by appointing key party politicians to head the

existing ministries. A single majority party has a plenty of resources to do that: it controls all portfolios and membership position in the cabinet.

Coalition majority cabinets are expected to experience more internal pressure for portfolio and membership proliferation than one party majority cabinets.<sup>68</sup> They are also likely to be less responsive to the outside pressure to reduce the number of cabinet portfolios. Cabinet portfolio and membership positions are the reason why parties join the coalition in the first place. Parties participating in the coalition are interested in maximizing the number of portfolios they control.<sup>69</sup> Bargaining among coalition participants over the allocation of portfolios may encourage portfolio or membership proliferation in order to satisfy the cabinet ambitions of all parties in the government. Since the coalition controls the majority of votes in parliament, it can add the additional cabinet positions without experiencing immediate political backlash in the legislature.

The expectations about how the minority status of the cabinet affects the cabinet size are mixed.<sup>70</sup> Minority cabinets are politically weak cabinets. They do not control the

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<sup>68</sup> The first postcommunist cabinets, which were based on the support of unstructured democratic coalition in respective parliaments, acted with regard to their internal organization as if they were coalition majority cabinets. With no fiscally-based constraints on cabinet size during the initial stage of democratization, creating new portfolios or awarding the status of a cabinet member (deputy prime-minister, minister without portfolio) was an easy way for the first postcommunist governments to accommodate diverse political groups that were important during the transition.

<sup>69</sup> Assuming office-seeking motivations on the part of political parties does not mean that parties do not have policy driven goals. Although a number of theories explicitly privilege explanations based on either office-seeking or policy-seeking motivations and the major theoretical divide between coalition building theories evolves around this problem (Laver and Schofield 1990), parties can be envisioned as having mixed motives regarding cabinet formation. With regard to their major policy priorities and respective portfolio jurisdictions parties' behavior will be directed on the maximization of preferable policy output even when this entails the decision to transfer the control of the key portfolios to other parties. With regard to other cabinet portfolios, which are non-critical for the party's electoral chances, the party will always prefer to control them rather than not. It will do so because each cabinet portfolio is an important political resource which can be used for patronage purposes.

<sup>70</sup> The minority category also includes cabinets that were formed on a "technocratic" rather than on a political party basis. The lack of identifiable political affiliation was assumed as an indicator of minority status. Other things being equal, the technocratic cabinets have more difficulties than the party-based cabinets in attracting and sustaining political support.

majority of votes in the legislature. To avoid losing the tacit support of the parliamentary majority they may be less likely than other types of cabinets to experiment with the cabinet structure.

The very fact that the minority cabinet gets into the office, on the other hand, may be explained by the favors it offers to the various parliamentary factions in exchange for their support. Due to the underdeveloped party system, the large number of minority cabinets in new democracies is not party-based. Technocratic cabinets, which are the minority cabinets without any party affiliation, bargain with the parliamentary factions over the choice of technocrats for cabinet positions. Parliamentary factions prefer some technocrats to others. Creating new cabinet portfolios or membership positions for these technocrats can be one way how minority cabinet survives in the office.

3. *Pre-1989 cabinet size*. This is an ordinal variable which assumes the following values: 1- if the size of the cabinet in a given country during the last communist government was below one standard deviation from a *pre-1989 cabinet size* mean for the countries included in the sample; 2 - the size of the cabinet was within one standard deviation from the mean; 3 - the cabinet was above one standard deviation from the mean. A positive correlation with the dependent variable is expected in the case of this variable.

The variable is intended to capture the effects of path dependence on cabinet size. Countries with larger number of cabinet ministries during the communist period are expected to continue to produce larger cabinets and to encounter more difficulties in attempts to reduce cabinet size. The sectoral structure of communist governments had

created several types of beneficiaries who developed vested interests in the existing cabinet organization. Ministerial bureaucracies and the societal groups to which they cater have developed alliances which have blocked efforts to reorganize the cabinet structure. In several states, the bureaucracy of the industrial ministries and state enterprise managers allied the oppose reform at the beginning of the transition (Schleifer and Treisman 1998). Consolidating or eliminating sectoral ministries or any other central bodies of the executive branch whose functions had become obsolete after the transition to a market economy proved to be a difficult task. It is especially challenging in the countries that inherited a more distorted structure of government.

### **Statistical model**

This section contains details of several procedures used for the statistical analysis undertaken in this chapter. These procedures include: defining regression equation for cabinet size measures, specifying models with two alternative measures of cabinet type variable, estimating panel-corrected standard errors, and exploring unit effects. Stata statistical software package was used for time-series cross-section analysis of data.

### Regression analysis

The relationship between cabinet structure and a set of political variables is characterized by the following regression equation:

$$y_{i,t} = a + b_1x_{1,i,t-1} + b_2x_{2,i,t} + b_3x_{3,i,t} + b_4x_{4,i,t} + b_5x_{5,i,t} + e_{i,t} \quad (1)$$



where  $y_{i,t}$  is the measure of cabinet size for country  $i$  at time  $t$ . Two measures of cabinet size are the number of cabinet portfolios and the number of cabinet members.  $X_1$  is a lagged dependent variable, cabinet size for country  $i$  at time  $t-1$ .  $X_2$  is a regime type variable,  $x_3$  is a coalition majority variable,  $x_4$  is a minority cabinet variable, and  $x_5$  is a pre-1989 cabinet size variable, and  $e_{i,t}$  is an error term.

The regression equation for alternative specification of a cabinet type variable, the number of cabinet parties, has the following form:

$$y_{i,t} = a + b_1 x_{1,t-1} + b_2 x_{2,t} + b_3 x_{3,t} + b_4 x_{4,t} + b_5 x_{5,t} + e_{i,t} \quad (2)$$

where two terms that make the equation 2 differ from the equation 1 are  $x_3$ , which now measures the number of parties in cabinet, and  $x_4$ , which is a dichotomous variable indicating whether cabinet has majority or minority status.

#### *Panel-corrected standard errors*

OLS standard errors are inaccurate in the presence of non-spherical error process found in time-series cross-section data sets. Estimates of the sampling variability of the OLS parameters are thus incorrect. Using panel-corrected standard errors allows to correct the OLS standard errors and thus produce more accurate estimates of the variability of the OLS estimates of  $b$ .

Following Palmer and Whitten (1999), Greene's (1997) notation of asymptotic covariance matrix is adopted:

$$Est.Var[b] = \left( \sum X_i' X_i \right)^{-1} \left( \sum_i \sum_j (e_i' e_j / T_{ij}) X_i' X_j \right) \left( \sum X_i' X_i \right)^{-1}$$

where  $e_i$  and  $e_j$  are the least squares residual vectors and  $X_i$  and  $X_j$  are the regressor

matrices for countries  $i$  and  $j$ , and  $T_{ij}$  is the number of common cabinet formation (non-missing) observations. The panel-robust standard errors are calculated by taking the square roots of the diagonal elements in  $\text{Est. Var}[b]$ . The new command in Stata statistical package allows to calculate these standard errors for the unique structure of pooled uneven time series.

### **Empirical results**

Table 5.3 presents empirical findings of regression analysis. In Model 1, the *Number of Cabinet Portfolios* is the dependent variable. Model 2 regresses the *Number of Cabinet Members* on the same set of independent variables.

**Table 5.3 The Least-Squares Models of Cabinet Size with Panel-Corrected Standard Errors**

<i>Explanatory variables</i>	<b>Model 1</b> (Number of cabinet portfolios as dependent variable)	<b>Model 2</b> (Number of cabinet members as dependent variable)
Previous Number of Cabinet Portfolios	0.429*** (.073)	—
Previous Number of Cabinet Members	—	0.405*** (.064)
Regime Type	3.349*** (.792)	3.464** (1.065)
Pre-1989 Cabinet Size	-.324 (.268)	-0.417 (0.356)
Coalition Majority Cabinet	-1.054 (.705)	-0.667 (.993)
Minority Cabinet	.972 (.771)	1.147 (1.087)
Constant	8.772*** (1.022)	10.214 *** (1.299)
R <sup>2</sup>	0.662	0.573
N	65	65

Notes: Panel-corrected standard errors are given in parentheses below the least squares coefficients.

\*\*\*P<0.001, \*\*p < 0.05, \*p < 0.10 (two-tailed tests for the variable coefficients)

Lagged dependent variables were included in the regression analysis to account for serial correlation. The parameter estimates for the lagged dependent variable, *Previous Number of Cabinet Portfolios* and *Previous Number of Cabinet Members* in Models 1 and 2 respectively, are highly significant and positive. *Regime Type* is a political variable of major interest here given the hypothesized effects of constitutional choices on the organization of governmental institutions. The parameter estimate for *Regime Type* was highly significant in the expected direction. The change from 0 to 1 in the value of regime type variable, which was coded as 0 when regime was parliamentary and 1 when it was premier-presidential, leads to 3.4 portfolio and 3.5 cabinet member increase respectively in Models 1 and 2. This means that cabinets in premier-presidential systems have 3.4 more portfolios and 3.5 more cabinet members than parliamentary systems. The statistical model thus provides additional support for the theoretical claim that the choice of constitutional framework, parliamentary or premier-presidential, has a significant effect on cabinet size.

The data set used for these regression analyses include cases of cabinet formation that took place in the same country but under different constitutional regimes. These constitutional experiments further encourage questioning of the conventional wisdom that both the organization (size) of the cabinet and the choice of constitutional framework are predetermined by the underlying structural characteristics of country.

Table 5.4 also indicates that neither *Coalition Majority Cabinet* nor *Minority Cabinet*, two dummy variables introduced to control for cabinet type, had a significant effect on cabinet size. Finding that there is no relationship between type of government coalition and cabinet size is contrary to the expectation that both the number of cabinet

portfolios and the number of cabinet members will be affected by the type of the cabinet in office. Given the mixed expectations with regard to the effect of minority cabinet in the first place, finding that parameter estimate for *Minority Cabinet* is not significant does not represent unexpected result

These statistical findings are a function of specific choices in coding. Classifying cabinets as coalition majority cabinets or minority cabinets was complicated by the conceptual difficulties in defining cabinet types of newly formed governments at the beginning of 1990s. Coding technocratic cabinets, which had no formal political affiliation, as minority cabinets was due to the theoretical expectation that both technocratic cabinets and party-based minority cabinets will have similar incentives with regard to changing the cabinet size. The similar difficulties characterized the coding of coalition majority cabinets. The first postcommunist cabinets were formed by parliaments that lacked clear party identification. Democratic opposition, which won the first round of postcommunist election in many countries included in the data set, consisted of diverse political factions and embryonic parties. Conceptualizing broad-based coalitions produced by the first wave of democratic elections as coalition majority governments was one way to classify those amorphous government majorities.

An alternative way to code cabinet type is to examine how many parties, which are the building blocks of government support in parliament, participate in the cabinet through the control of portfolios or/and cabinet membership. The more parties included in the cabinet, the higher the pressure for portfolio and membership proliferation. Besides the number of parties included in the cabinet, the level of parliamentary support enjoyed by the cabinet may affect cabinet size dynamics. Two cabinets with the same number of

parties may act differently with regard to issues of cabinet organization depending on their majority or minority status. As it was argued before, coalition majority cabinet is expected to be more likely to proliferate cabinet portfolios than coalition minority cabinet. Because the former controls the majority of seats in the legislature it can better tolerate the political costs associated with the decisions to add new portfolio or membership positions. To control for this possibility a dummy variable for majority or minority status of the cabinet is introduced

Table 5.5 presents two statistical models with an alternative specification of the cabinet-type variable. *Cabinet-Type* here is an interval level variable that denotes the number of parties participating in a cabinet. *Minority Government* is a dummy variable that indicates majority or minority status of the cabinet.

**Table 5.4 The Least-Squares Models of Cabinet Size with Panel-Corrected Standard Errors: Specification II** (Cabinet type variable specified as number of parties in government)

<i>Explanatory variables</i>	<b>Model 1</b> (Number of cabinet portfolios as dependent variable)	<b>Model 2</b> (Number of cabinet members as dependent variable)
Previous Number of Cabinet Portfolios	0.467** (0.141)	—
Previous Number of Cabinet Members	—	0.494*** (0.109)
Regime Type	3.409** (1.063)	3.077** (0.919)
Cabinet Type (Number of parties in government)	-0.183 (0.245)	0.342 (0.295)
Minority Government	-0.143 (0.625)	-0.088 (0.796)
Pre-1989 Cabinet Size	-0.295 (.214)	-0.380 (0.420)
Constant	7.768** (2.285)	-0.088 ** (0.796)
Adjusted R <sup>2</sup>	0.717	0.691
N	63	63

Notes: Panel-corrected standard errors are given in parentheses below the least squares coefficients.

\*\*\*P<0.001, \*\*p < 0.05, \*p < 0.10 (two-tailed tests for the variable coefficients)

The parameter estimates of the lagged dependent and the regime type variables in Table 5.5 do not differ substantially from the estimates of these variables in Table 5.4. The lagged dependent variables are statistically significant in the expected direction. Change from 0 to 1 in the value of regime type variable is associated with 3.4 more portfolios and a 3.1 member increase in cabinet size. *Regime Type* is significant at the  $p < 0.05$  level. Whether the constitutional regime is premier-presidential or parliamentary has a significant effect on cabinet composition under the different specifications of the control variables.

The alternative specifications of the *Cabinet Type* variable did not lead to finding a statistically significant relationship between the number of parties in the cabinet and cabinet size. The *Cabinet Type* variable was significant neither in the cabinet portfolio nor the cabinet membership model. The *Minority Government* variable, introduced to control for majority/minority status of the cabinet, was not significant either. The hypothesis about the relationship between cabinet type and cabinet size was initially formulated on the basis of empirical observations of cabinet formation in individual cases. As Tables 5.4 and 5.5 show, statistical analysis used to test this hypothesis across the universe of cases of cabinet formation in ten East European countries has not provided any empirical support for this hypothesis. The finding that cabinet-centered coalition politics, which was operationalized either as a type of government coalition or as a number of government parties, does not affect size and organizational structure of



the cabinet should be taken with caution. One immediate difficulty in conceptualizing and measuring coalition politics should be taken into account. Given the limited time span of democratic government in the postcommunist states, data collected for this analysis is heavily influenced by cases of cabinet formation at the beginning of the transition when democratic rules and procedures for forming cabinets were only partially developed and were inconsistently applied. Cases of cabinet formation where party stratification of political players and formal guidance for cabinet formation were ambiguous or inconsequential constitute a significant portion of data set examined here. This portion, however, can not be excluded from the analysis without substantially limiting our ability to employ statistical methods for data analysis.

### **Temporal dimension of cabinet restructuring**

To better understand the dynamics of organizational evolution of the executive government in postcommunist countries, the statistical analysis offered in the previous section should be complemented by the discussion of longitudinal trends in cabinet size and composition across the region. Postcommunist governments inherited cabinet structures characterized by a large number of sectoral ministries and by the dominance of a bureaucratic apparatus. The democratic opening and the necessity to reward diverse political groups with cabinet positions to ensure their cooperation in the process of transition were contributing to further proliferation of ministerial portfolios and bureaucratic agencies. As the process of consolidation of democratic institutions has taken place, new challenges have been created by the administrative inefficiencies of the state.

As discussed in Chapter 4, the literature on state reform emphasizes the importance of rational organization of the central government (World Bank 1997, Nunberg 1999). Rationalization of cabinet structure has required, among other things, the abolition of sectoral ministries, the reorganization of existing functional ministries, and consolidation of executive powers in the cabinet. Reducing the size of the cabinet can serve as a proxy for these various measures to make the organization of the central government more efficient.

At the beginning of the transition, the size of cabinets in Eastern Europe was larger than average size of cabinets across the OECD countries. While there is no established view on the optimal size of the cabinet, state reform literature advocates cabinets with a smaller number of ministries and a smaller total cabinet membership. The World Bank cites in several reports the experience of smaller OECD countries, which have between 14-20 cabinet members, as guidelines for postcommunist countries (World Bank 1997a).

Figures 5.1-5.4 below capture the dynamics of change in the number of cabinet ministries and in cabinet membership in postcommunist countries during 1991-1999 period. Although the changes in cabinet size did not follow a temporal logic, for the purposes of cross-country comparison the observations on cabinet size are organized on a yearly basis. Some countries, due to high cabinet turnover and frequent government reform initiatives, have experienced more instances of change in cabinet size, while others have lived with cabinets of the same size over a period of several years.

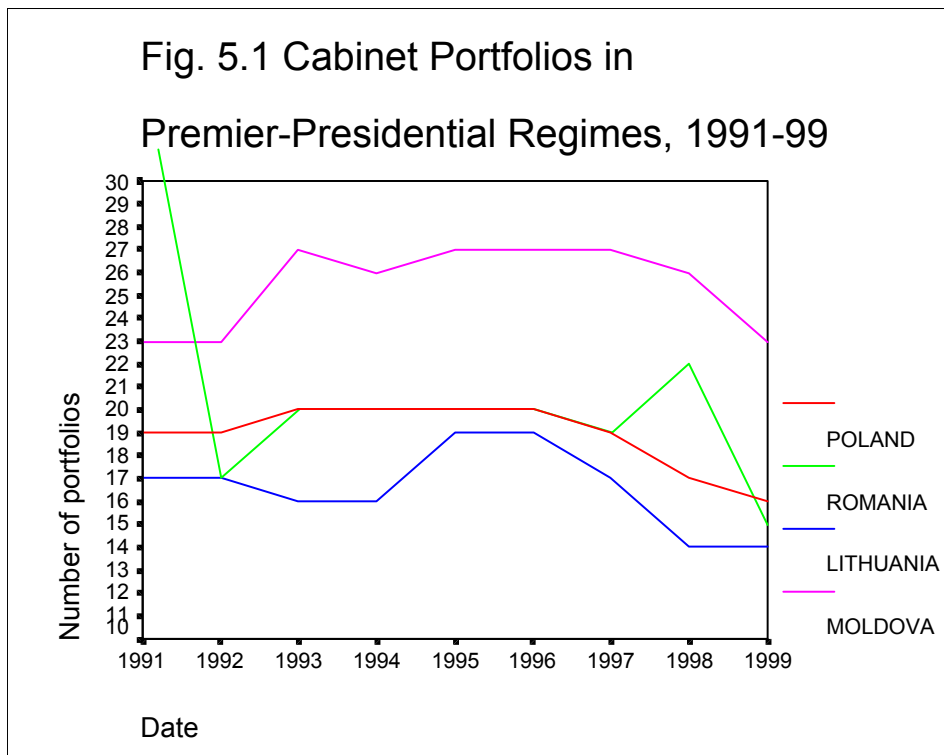
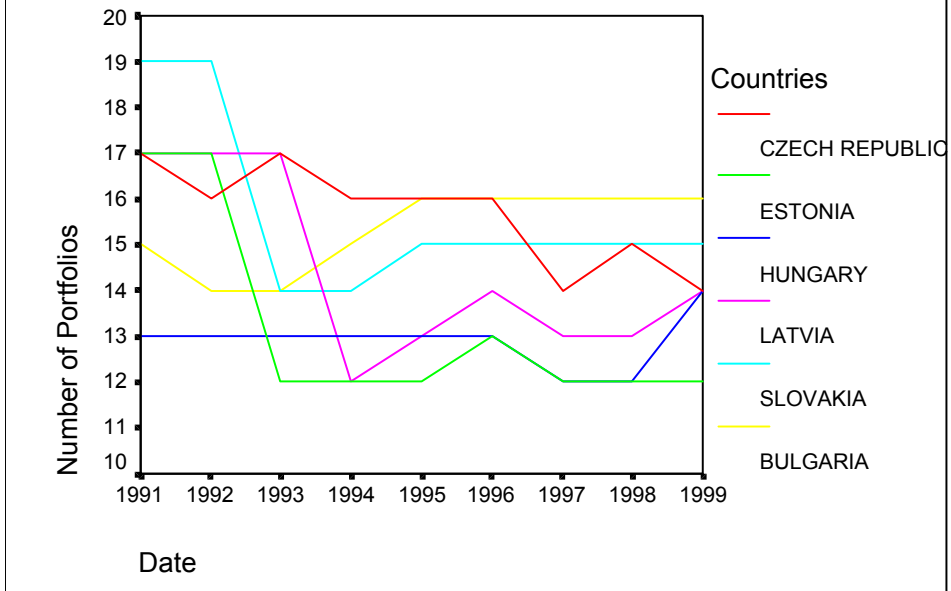


Fig. 5.2 Cabinet Portfolios in  
Parliamentary Regimes, 1991-99



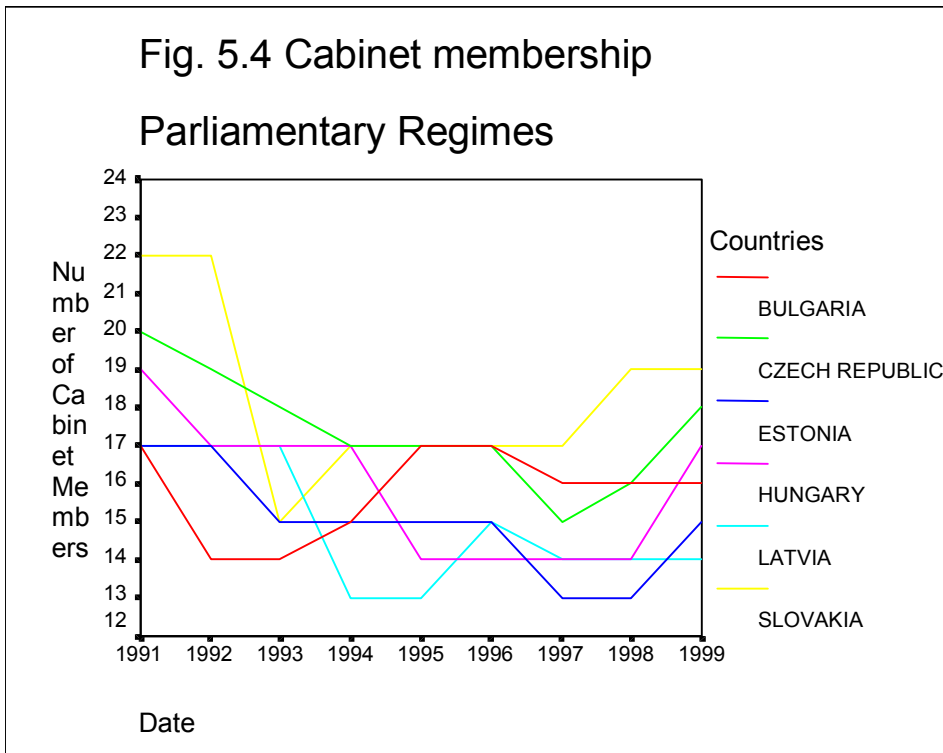
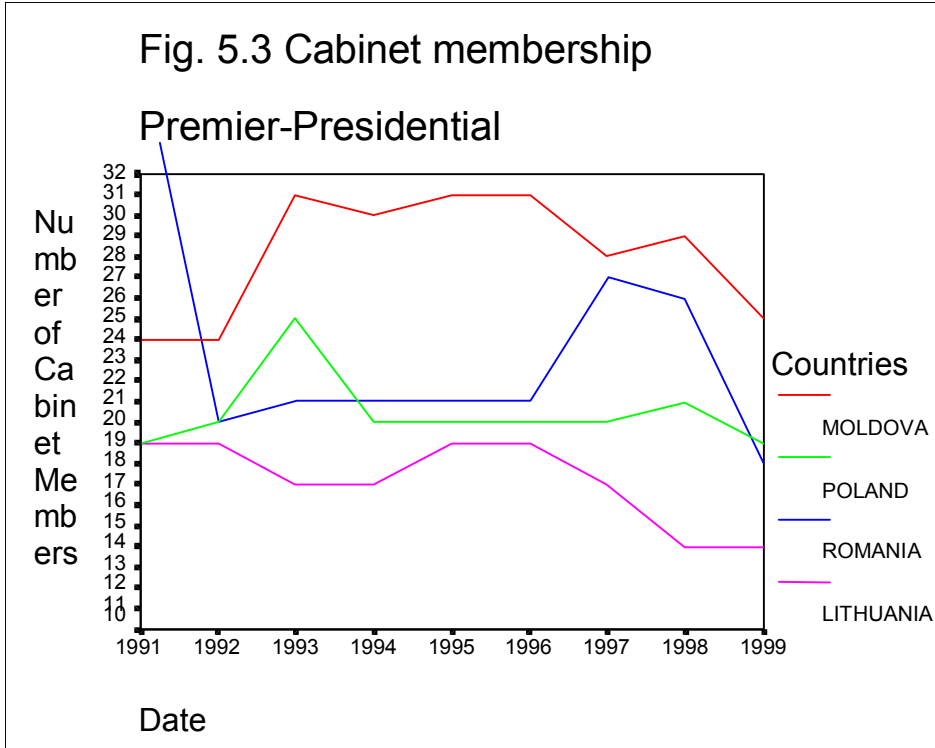
Most Central and East European countries had the highest number of ministries around 1990-91, at the beginning of the democratic transition. During the following years the majority of countries saw a substantial decline in the number of cabinet ministries. By 1999, eight of ten countries discussed in this research had a smaller number of ministries than in 1991. Two countries in the sample, Moldova and Bulgaria, had in 1999 similar or larger cabinets than in 1991. The Bulgarian cabinet in 1999 had one more ministry in comparison with the 1991 Bulgarian cabinet. Given the fact that Bulgaria started the decade with the second smallest cabinet in the region, this change represents only minor increase. In the case of Moldova, this country's cabinet in 1999 has as many ministries as its cabinet in 1991. In this particular case, however, the measurement was complicated by the fact that the major executive departments and committees are included along with ministries as separate executive bodies in the structure of the cabinet in Moldova.

Countries in Figures 5.1 and 5.2 are grouped according to regime type. Some similarities in the restructuring dynamics among countries belonging to either the premier-presidential or the parliamentary group of regimes are evident in these charts. Figure 5.2 indicates that during 1992-94 period four of six parliamentary regimes, which are analyzed on this chart, had experienced a substantial reduction in the number of ministries. While there was some fluctuation in the size of cabinets during the second half of the 1990s, all parliamentary regimes, with the exception of Bulgaria, demonstrated the ability to maintain cabinets with considerably smaller numbers of ministries in comparison to the beginning of decade.

Premier-presidential regimes were less effective in downsizing government. Figure 5.1 shows the dynamics of change in cabinet size in four premier-presidential

regimes. Three of them did not experience any significant reduction in number of cabinet portfolios during the first half of 1990s. To the contrary, Poland and Moldova even saw an increase in number of portfolios during this period. Romania was the only country which experienced the drastic reduction in cabinet size at the beginning of decade. The magnitude of change was influenced by the fact that the number of cabinet portfolios in the first postcommunist government in Romania was exceptionally high. The incremental reduction in the number of ministries has started in Poland, Lithuania, and Romania only in the second half of the 1990s, partially as the response to the challenges of European integration.

Figures 5.3 and 5.4 below contain the annual data on cabinet membership in the same set of East European countries. Given the fact that cabinet membership in all countries has not been limited only to the portfolio holders, the cabinet membership numbers are consistently larger than portfolio numbers across all countries in the dataset. In a very limited number of cabinets, the membership and portfolio numbers coincide.



The dynamics of change in cabinet membership parallel the changes in portfolio numbers presented in Figures 5.1 and 5.2. There was no decrease in number of cabinet members in three of four premier-presidential regimes until the years of 1997-98. Romania was again the exception due to the exceptionally large number of cabinet members at the beginning of 1990s. Graphs in Figure 5.3 are, however, somewhat steeper than those in Figure 5.1. This reflects the general tendency for cabinet membership to have less rigid structure than portfolio organization requires. Cabinet membership numbers are more likely than portfolio numbers to be amended for various political needs. The latter point finds some additional support in Figure 5.4. The substantial increase in the number of cabinet members took place in four of the six parliamentary regimes during 1998 and 1999, reflecting coalition-building needs in the aftermath of parliamentary elections. Despite this increase, the cabinet membership numbers remain lower for parliamentary regimes when they are compared as a group to premier-presidential regimes.

### **Conclusion**

This chapter has used a different set of tools to test the hypothesis about a close relationship between constitutional design and the structure of public bureaucracy. While the previous chapter applied the comparative case methodology to explore the hypothetical link between constitutional design and bureaucratic organization, this chapter relied on statistical techniques and on the different set of cases to explore essentially the same problem.



The specific question that the analysis in this chapter addressed was how the different types of political regime affect cabinet size. A time-series cross section data set was constructed to include observations on cabinet size in all cases of cabinet formation in four premier-presidential and six parliamentary regimes of Eastern Europe. The observations on cabinet size in president-parliamentary regimes were not included in the initial test in order to avoid statistical bias in favor of the hypothesis.

The expectation that premier-presidential regimes will have larger cabinets than parliamentary regimes was supported by the statistical significance of mean differences in cabinet size between premier-presidential and parliamentary regimes. The regression analysis showed that constitutional regime type was a significant variable in predicting cabinet size even after introducing controls for institutional legacy and type of governing coalition. The hypothesis about the impact of cabinet type on the politicians' willingness to proliferate cabinet portfolios and cabinet membership did not find support in the statistical analysis.

The chapter has also examined temporal trends in cabinet restructuring in Eastern Europe. The first postcommunist cabinets had the largest size both in parliamentary and premier-presidential regimes. As the first postcommunist decade proceeded, the majority of parliamentary regimes have experienced a downward trend in cabinet size. There was no comparable reduction in the size of the cabinet across premier-presidential regimes. The analysis of empirical data has also indicated that there is substantial fluctuation in the size of cabinets across time and space. The latter finding encourages additional research on the determinants of cabinet organization.

## CONCLUSION

The direction that this research project took was influenced by two important considerations. The first one was the interest in developing a theoretical framework for the analysis of institutional relationships under semipresidentialism. The second one was the opportunity to utilize the vast amount of new empirical data which emerge from the new semipresidential regimes of Eastern Europe. A dialogue between theoretical ideas on semipresidentialism and new empirical evidences characterized all stages of writing this dissertation.

The theoretical framework developed in this project is, to some extent, a reaction to several dominant trends in the current scholarship on semipresidentialism. One is the excessive reliance on the model of the French Fifth Republic, both as a normative and an empirical reference point. When put in the same data set with the East European semipresidential regimes, the French Fifth Republic is an outlier on several critical dimensions such as the character of parliamentary composition, division of executive responsibilities, and the institutionalization of cohabitation practice.

The second pattern, which is intimately related to the first one, is to conceptualize the semipresidential regime as a political system which alternates between the presidential and parliamentary modes of operation. The third one is to retreat to describing the functioning of a semipresidential regime as a “messy” institutional relationship whenever the French analogy fails. Part of this pattern, which is usually found in case studies of postcommunist countries, is to attribute various political outcomes to the political actors’ confusion about their interests and the rules of the game under the newly established semipresidential constitutional framework.

I argued in the first chapter of this research that institutional relationships under semipresidentialism are much less confusing than some empirical accounts of recent postcommunist experiences suggest. These relationships have also a distinct logic which can not be reduced to the alteration between presidential and parliamentary modes of the functioning of political institutions. Understanding how semipresidential regimes function requires explicit attention to the constitutionally-specified patterns of superiority and subordination.

A multiple principal-agent framework of analysis imposes structure on the relationship between the presidency, the cabinet and the legislature. Interactions among political actors that inhabit these institutions occupy the center of the political scene in semipresidential regimes. The constitutional framework specifies the powers and responsibilities of political actors and provides a solid starting point for the analysis of motivations of the politicians that have different institutional affiliations.

The attention to the regulatory function of constitutional provisions is not a substitute for the analysis of another regulatory mechanism, party politics. Yet it is the argument of this research that politicians' behavior in the environment of a weakly institutionalized party system is more structured by formal constitutional rules than by political party links. Twenty-five of forty-one cabinets formed during 1990s in semipresidential regimes included in this study did not have any formal party affiliation and were essentially "technocratic" governments lacking organized political party support. The specific institutional environment of the semipresidential regime shaped the behavior of both "technocratic" and party cabinets.

Under a semipresidential constitutional framework, the cabinet has two immediate principals, the president and the legislature. The identity of the cabinet is determined in the bargaining game between these principals. Constitutional provisions provide one of the principals, the president, with a number of advantages in the cabinet formation game. The power of cabinet nomination is the most significant advantage that the president has in bargaining over cabinet appointments. In cases when the constitution awards the president with two other kinds of formal power, to dismiss the cabinet and to dissolve the legislature in cabinet-related matters, cabinet appointment outcomes are most likely to reflect the ideal point of the president. When the president does not control these two powers, other institutional factors may still tilt the outcomes of the cabinet appointment game in favor of the president. In the vast majority of cases, the cabinets that were formed in semipresidential regimes differed from what they could have been if a parliamentary constitutional framework was in place.

While in office, the prime minister and his cabinet face the difficult choices of complying with the conflicting preferences of the president and the legislature. I argued that when the principals are in conflict, the cabinet's behavior vis-à-vis them depends primarily on where cabinet dismissal powers reside. When the legislature has the exclusive power of cabinet dismissal, which is the case in all premier-presidential regimes, the cabinet complies with the preferences of the legislature. When there is a formal symmetry of dismissal powers, which is the case in president-parliamentary regimes, the cabinet's behavior is conditioned by the existence of other constitutional provisions limiting either of the principals' ability to sanction the cabinet. Two such

provisions were discussed in the first chapter: the presidential power to dissolve the parliament and the norm of the constructive no-confidence vote.

Given that the institutional design of semipresidentialism encourages the political use of bureaucracy it was also argued in the chapter that the constitutional choice entails certain bureaucratic characteristics. Both the personalistic character of the presidency and the dual character of the executive lead to the patronage-based politics of bureaucratic structures. Semipresidential regimes were hypothesized to be more likely to experience the proliferation of executive agencies and cumbersome bureaucratic organization of central government than parliamentary regimes.

**Chapter 2** examined how the formal distribution of cabinet appointment and dismissal powers between the president and the legislature affect the bargaining over cabinet and cabinet identity. The spatial model introduced at the beginning of the chapter helped to form theoretical predictions regarding prime minister's location on the continuum between the president and parliament's ideal points. An alternative scale for classifying the actual outcomes of cabinet formation was developed on the basis of the empirical criteria. The actual outcomes matched the theoretical predictions in more than seventy percent of cases of cabinet formation. . This supports the basic hypothesis about how appointment-dismissal powers affect the outcomes of cabinet formation.

I also argued in the chapter that the effects of other institutional factors explain a divergence between theoretical expectations and actual outcomes in the remaining cases of cabinet formation. One of these factors was the effect of non-concurrent electoral cycle, which provided a "legitimacy advantage" to the most recently elected branch of government. The second was a constitutional norm specifying presidential powers to

dissolve parliament when the process of cabinet formation is stalled. The third was the degree and quality of fragmentation in parliament. Parliaments that were fragmented and clientalistically structured have acquiesced more to presidential preferences over the choice of prime minister than bipolar or fragmented legislatures dominated by programmatic parties.

**Chapter 3** has elaborated the concept of intraexecutive conflict. Intraexecutive political competition between the president and the prime-minister is built upon the executive-legislative divide which characterizes both semipresidential and presidential regimes. The salience of intraexecutive conflict under semipresidentialism was shown to depend on the extent of presidential and parliamentary control over cabinet and on the nature of parliamentary composition.

In Russia and Kazakhstan, president-parliamentary regimes with strong presidential control over the cabinet, the presidents have been able to secure the cabinet's compliance and to deter the premiers from challenging presidential leadership over the executive. As a result, the dual executive was united most of the time. Executive-legislative rather than intraexecutive conflict characterized the functioning of political institutions in these semipresidential regimes.

The weaker presidential control over the cabinet in Ukraine's president-parliamentary regime led to the mixed patterns of institutional conflict and cooperation. Periods of intraexecutive competition and cooperation alternated depending on the premiers' willingness to risk their tenure in office. Seemingly suicidal political behavior on the part of some premiers took place in both types of president-parliamentary regimes.

To explain this behavior I analyzed the structure of incentives that a prime-minister faces under president-parliamentary constitutional framework. The premiers' willingness to risk the survival of their cabinets does not contradict the power maximization assumption about the politicians' behavior when the presidential ambitions of the premiers are taken into consideration.

Given that the survival of the cabinet under a premier-presidential constitution depends solely on parliament, the premiers in premier-presidential regimes lacked any incentives to collaborate with the presidents. Whenever conflict between the president and the parliament took place, the cabinet was on the side of the parliament. The presidents repeatedly tried to contest the premier's leadership over the executive. It was expected that the presidents are more likely to claim the leadership over the executive when they face fragmented legislatures. The Polish experience indicates, however, that the existence of a stable parliamentary majority opposed to the president may not be sufficient to deter the presidents from striving for higher control over the executive.

The presidential ability to influence (either formally or informally) the cabinet's stay in office can be an important source of cabinet instability in semipresidential regimes. In both president-parliamentary and premier-parliamentary regimes, presidents that were unhappy about the particular cabinets used various means to speed up the fall of those cabinets. Descriptive analysis, undertaken in the end of the chapter, showed that there is a substantial difference in the cabinet turnover rate between semipresidential and parliamentary regimes.

**The second part** of the dissertation explored the link between the design of constitutional framework and the structure of public bureaucracy. The hypothesis about the existence of a close relationship between the organization of “grand” institutions and the character of public administration was initially formulated on the basis of the presidential and parliamentary regimes’ experience (Moe and Caldwell 1994). To find whether there is any empirical support for this hypothesis in the context of semipresidential democracy, **Chapter 4** offered a comparative analysis of political dynamics of bureaucratic restructuring in Russia and Ukraine. The president-parliamentary constitutional framework has regulated the functioning of semipresidential regimes in both countries most of the time during 1990s. Due to built-in potential for intraexecutive competition, the presidents faced powerful disincentives for advocating the rationalization of central government organization. As a result, both regimes face similar problems in the design of public bureaucracy: diffusion of the executive powers between the office of president and cabinet; proliferation of bureaucratic agencies with overlapping functions; poor coordination and duplication of functions among executive agencies.

At the same time, the chapter argued that there are substantial differences between Russia and Ukraine in the success of administrative restructuring. These differences are traced to variation in the patterns of intraexecutive relations between the two countries. Due to differences in constitutional design, the presidential control over the cabinet is much stronger in Russia than in Ukraine. The Russian president was more willing to launch serious efforts to restructure central bureaucracy because he was secure in his leadership over the executive. Unlike their Russian counterpart, both Ukrainian



presidents faced numerous challenges to their leadership on the part of the prime ministers.

Significant reforms of central bureaucracy in Ukraine were introduced only during the lasting period of intraexecutive cooperation. These reforms have included a substantial reduction of the size of the cabinet; abolishing a large number of executive agencies whose functions became redundant or obsolete; significant progress in the functional reorientation of central bodies of executive power; and reorganization of the cabinet apparatus according to technical rather than political criteria. Intraexecutive peace was a permissive condition which made the president and the key politicians in the executive more responsive to the various forms of pressure for administrative reform.

**Chapter 5** used the different set of tools to seek answers to the question of whether the choice of semipresidential constitutional framework comes in a “package” with certain features of bureaucracy. While the previous chapter applied the comparative case methodology to explore the hypothetical link between the constitutional design and bureaucratic organization, this chapter relied on statistical techniques and on a different set of cases to explore essentially the same problem.

Given the theoretical expectation that constitutional regimes with a dual executive have a tendency to proliferate bureaucratic structures, a statistical model was introduced in chapter 5 to test whether regime type is a significant predictor of cabinet size. A time-series cross section data set was constructed to include the observations on cabinet size in all cases of cabinet formation in four premier-presidential and six parliamentary regimes of Eastern Europe.

The expectation that premier-presidential regimes will have larger cabinets than parliamentary regimes was supported by the statistical significance of mean differences in cabinet size between premier-presidential and parliamentary regimes. Regression analysis showed that constitutional regime type was a significant variable in predicting cabinet size even after introducing controls for institutional legacy and type of governing coalition. The auxiliary hypothesis about the impact of cabinet type on the politicians' willingness to proliferate cabinet portfolios and cabinet membership did not find support in the statistical analysis.

The chapter also examined the temporal trends in cabinet restructuring in Eastern Europe. The first postcommunist cabinets had the largest size both in parliamentary and premier-presidential regimes. As the first postcommunist decade proceeded, the majority of parliamentary regimes experienced a downward trend in cabinet size. There was no comparable reduction in the size of cabinets across premier-presidential regimes. The politics of the dual executive should be held partially responsible for the weaker ability of premier-presidential regimes to restructure their cabinets.

The analysis of empirical data has also indicated that there is substantial fluctuation in the size of cabinets across time and space. The comparative politics literature on cabinet formation assumes that the number of cabinet ministries is constant and has nothing to say about the political determinants of cabinet organization. Although cabinet type variables were not significant in predicting cabinet size in the statistical model discussed in the chapter 5, the substantial variation in how the core portfolio jurisdictions are defined across the countries and time periods encourages additional research on the politics of cabinet structure.

The impact of the dual executive arrangement on the structure and functioning of the lower levels of government is another promising area in the research program on the constitutional regime type and bureaucracy. What are the preferences that politicians, which belong to the different branches of government, have with regard to the design of local government? How does the structure of local government affect the institutional competition on the level of central government? Exploring the answers to these questions would be the logical extension of the discussion undertaken in the second part of this dissertation. Given the contemporary emphasis on the democratic virtues of deconcentration and decentralization, these issues are especially important topics to address in further research.

With regard to the theoretical and empirical concerns raised in the first part of the dissertation, the impact that the party system has on the nature of the relationship between the presidency, the cabinet, and the legislature is of primary importance. As this dissertation argues, the effects of the constitutional design are mediated by the party system. Party fragmentation in parliament is one area of research where collecting additional observations and theorizing about the impact of fragmentation can improve our understanding of how semipresidentialism works. The experiences of the first postcommunist parliaments, which were either unstructured or highly fragmented in the vast majority of cases, have shaped this dissertation's analysis. Additional observations generated by the new rounds of parliamentary elections in the region may provide more variation on the character and extent of parliamentary fragmentation. Collection and analysis of these data would help to develop more a nuanced understanding of the impact

of party fragmentation on the functioning of government institutions under semipresidentialism.

The strengthening of the party system can also have a direct impact on the president's role in semipresidential regimes. The evolution of party politics might lead to the decline of the importance of the presidency in the political process. This decline might be more profound than the Linz' formula of alteration between the presidential and parliamentary modes of semipresidentialism suggests. Alternatively, presidents may try to use party machines as vehicles to campaign for the introduction of presidential systems of governance. Both scenarios have far-reaching consequences for executive-legislative relations in particular and democratic governance in general. The question of whether semipresidential constitutional design provides an institutional equilibrium point for democracies-in-the-making is of great theoretical and practical importance. This invites additional intellectual efforts to study how semipresidential democracy works.