Agency Loss and the Strategic Redesign of the Presidential Office in Colombia

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Abstract

There is a relative consensus in the literature around the fact that Latin American Presidents use cabinet appointments as currency to build coalitions, strengthen their government, and get their policy agenda implemented. However these partisan appointees may have their own political incentives that do not align with those of the President. This situation raises the question of how Presidents can ensure that ministers remain faithful agents or at least how to reduce the information asymmetries between Presidents and ministers. One such tool is the strategic redesign of the presidential office. To test this hypothesis, we analyzed 93 organizations established between 1931 and 2015 that constitute the set of agencies under direct control and supervision of the Colombian President. Using time series analysis, we find that the change in the percentage of ministers affiliated to other parties has a positive effect on the number of agencies that constitute the presidential center in Colombia.

Key words: presidential center, information asymmetries, agency loss, organizational strategic redesign, Colombia

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1. Introduction

A key aspect of presidential democracies is the political and technical support that Presidents obtain from their trusted advisers. Presidents rely on their assistance as they collect, analyze, coordinate and present information to Presidents in a timely fashion. Studies focusing on the US case have shown that Presidents define the incentives for the creation, strengthening of the technical capacity and centralization —near the presidential office— of these inner circles of advisers (Moe, 1990; Neustadt, 1960; Moe and Wilson, 1994; Ragsdale and Theis, 1997; Burke, 2000; Lewis, 2003). Despite the copious literature that explain the institutionalization and strengthening of the presidential office in the United States, in Latin America this is a rather barren field (Bonvecchi y Scartascini, 2011). In fact, there are very few studies that focus on the internal organization and resources of the presidential office or in the factors that lead Presidents to redesign or transform the structure of their office.

A notable exception is the work by Inácio and Llanos (2015). In their paper, these authors argue that the growth of the presidential office is correlated to the political challenges faced by Presidents. In coalition governments when the cabinet is shared by various political parties, the institutional Presidency grows in number and type of agencies, in order to fulfill two purposes: first to enable President to receive the needed support from his inner circle to advance his governmental agenda, given the fragmentation of his cabinet; and second to allow the President a larger room for presidential patronage inside his office.

We generally agree with Inácio and Llanos’ line of reasoning. However, we believe that their explanation overlooks one of the most important reasons as to why Latin American Presidents have an incentive to redesign the internal structure of their office. This is that Presidents need to minimize the agency loss that comes about when handing out cabinet posts to coalition parties over which they may have little control in terms of policy orientation.
Consider the example of Colombia’s *Cambio Radical* party (CR). In September 2015, private television channels aired an ad in which the Minister of Housing and Transportation as well as the Vice-President of the Republic, both members of the CR party, credited as their own the accomplishments in housing and public infrastructure policies of President Santos’ government (who is not acknowledged at all in the ad). Towards the end of the ad, CR’s leader explains that they expect to repeat these successes in other towns and municipalities. While the policy itself does not divert from what President Santos wanted, the party presented the achievements as solely theirs, as part of their bid for the presidency in the following election¹.

Following Martínez-Gallardo (2015), when the goals and incentives of Presidents and political parties diverge, Presidents are exposed to the risk that partisan ministers take advantage of their position to prioritize their party’s agenda, instead of that of the President. In other words, Presidents cannot assume that ministers are loyal to them. The frequency of conflicts between Presidents and their ministers—even those of their own party—stress out this risk. The following example helps illustrate this point.

In 2008, Colombia’s economy grew at a grueling 2.5%; a crawl, compared to 2007’s 7.5% vigorous growth rate. Faced with this situation, the government announced an ambitious investment program and subsidies to create jobs and shield the Colombian economy against the risk of recession. This program required the coordination of dozens of investment projects executed by seven different ministries. Then President Uribe, instead of assigning this responsibility to the Minister of Finance, which at the time was run by a minister affiliated to his own party, decided instead to create the presidential Council of Countercyclical Policy. Sources close to the government stated to a digital newspaper that this presidential council was not aimed at making public policy, but to serve as Uribe’s trusted vigilant to ensure that the various ministries met their goals against the crisis².

² http://lasillavacia.com/historia/2336
If the risk of agency loss is an important factor for cabinet selection, then we need to understand the tools available to Presidents to counterbalance that problem. In this paper, we claim that the preeminent tool at the Presidents’ disposal is the strategic restructuring of the presidential office. We analyze the creation, transformation and dismantling of different organizations within the office of the President in Colombia. This is a good test case for three reasons. First, since it was first created in 1958 up to 1991 Colombia had a two-party system in which government coalitions were conformed along party lines. Beginning in 1991, a constitutional change significantly lowered entry barriers for new parties drastically changing the party landscape. Traditional parties lost ground making it quite difficult to win the presidency without a multiparty coalition. This allows us to test the effect of presidential coalitions on cabinet formation and agency loss under a two-party system and a multiparty one. Second, there is great variation in the internal structure of the presidential office. Indeed, between 1958 and 2016, the different Presidents that have moved into Casa de Nariño undertook 389 transformations on the presidential office. Third, given that this literature in Latin America has been barely tested, the Colombian scenario provides a case study beyond the Brazil and Argentina cases studied by Inacio and Llánsos.

The paper proceeds as follows. Section 2 offers a brief description of the executive in Colombia focusing on the structure of the presidential office. We explore presidential constitutional powers along with the main changes made to the office since its inception. Section 3 presents the theoretical background to our study of the internal structure of the presidency, with emphasis on the existing theories about cabinet allocation, party representation, agency loss and the politics of organizational design. In this section we also present our hypotheses to explain why Presidents change the presidential office. Section 4 describes the data and methods used to test the hypotheses. We use an original database that compiles information about all changes to the presidential office for the 1958-2015 period, along with cabinet composition for the entire period. In section 5, we present the time series model used to assess the hypotheses. In section 6, we discuss the results of the model. Finally, section 7 offers concluding remarks.
2. The President and the Presidential Center in Colombia

Colombia is a presidential democracy with a typical three-branch division of power system—Executive, Legislative, Judiciary. Presidents serve four-year terms, and there is currently a strict no-reelection rule. The executive is the main agenda setter in Colombia. According to the Constitution, the President and his cabinet are responsible for defining public policy guidelines and prioritizing programs and projects. Even though the constitutional reform of 1991 significantly reduced presidential prerogatives, Colombian Presidents still enjoy considerable constitutional powers, grouped around three dimensions: decree, integrative and reactive powers.

Decree powers allow Presidents to legislate or block legislation via different kinds of executive mandates. Colombian Presidents use decrees to initiate major policy changes, to reform the public-sector structure, and to prevent non-desired variations in public policy. Integrative powers bestow Presidents with the authority to nominate, appoint and dismiss government officials, including not only ministers and top level employees at the executive branch, but also foreign service posts, directors of decentralized institutions, and some members of boards of crucial autonomous organizations (such as the Central Bank). Finally, reactive powers allow Presidents to prevent bills from becoming laws. Presidents can veto laws or parts of laws and have them sent back to Congress to address their objections (Mainwaring and Shugart, 1997).

As mentioned, Colombian Presidents enjoy great freedom to form their cabinet given that the constitution grants them the power to appoint and dismiss ministers at will. Naturally, the President’s choices will reflect his own goals and political agenda. However, his choices are constrained by some informal restrictions; for example, when the President needs to build majorities in Congress, he resorts to appoint members of the Cabinet that represent the electoral coalition, reducing his chance to appoint in theses posts, trusted collaborators or members of his own party.

Between 1958 and 1974, the composition of presidential cabinets was determined according to an intra-elite pact signed by Conservative (CP) and Liberal (LP) parties,
known as the National Front. This agreement was signed after a period of internecine partisan conflict in the 1950s that led to a period of military rule. The arrangement included a constitutional amendment that guaranteed power-sharing over four consecutive presidential terms. The presidency was to be alternated between the LP and CP and the Executive, the Legislative and even the Judiciary were to be split evenly between the two parties. Thus, during these periods each President appointed cabinets with a balanced composition of LP and CP members. In strict terms, the National Front Presidents had little strategic leverage in allocating their cabinet posts because the cabinet’s composition was pre-determined (Mejía Guinand and Botero, forthcoming).

During the 1970s up till the 1990s, party affiliation of ministers was rather homogenous, despite the fact that the National Front agreements had expired. While the National Front was quite successful in appeasing and normalizing the relationship between the traditional parties, it transferred political competition inside the parties. Such intra-party competition was reflected in the cabinet.

As the 1991 Constitution was signed, Colombia made the transit from a mostly bipartisan system to one characterized by extreme fragmentation of traditional parties and the emergence of new parties and movements (by 1996 Colombia had around sixty parties and political movements). Parties were able to present multiple party lists in each district, a feature that exacerbated intra-party competition. An electoral reform in 2003 sought to solve the problem, but although the reform reduced electoral competition significantly and gave way to a much less chaotic system, it fell short of creating strong, disciplined parties with which the executive could negotiate. Party weakness in Congress forces the Executive to seek individual support from legislators—although not as dramatically as before 2003—in order to secure ad-hoc majorities for key projects.

**The Presidential Office**

The creation of the organizational structure of the office of the presidency goes back to the late nineteenth century. Law 3 of 1898 created the General Secretariat of the Presidency of the Republic based on a simple scheme consisting of the President, his private secretary, a military aide, and a limited group of economic advisers. In 1956,
Decree 0133 changed the General Secretariat of the Presidency into the Administrative Department of the Presidency of the Republic (DAPRE for its Spanish acronym). This new arrangement was responsible for the coordination, management and control of the various units that, since then, are part of the internal structure of the presidency.

The foundation of DAPRE marked the first steps towards the institutionalization of the center of the presidency (Mejía and Botero, forthcoming). The center is defined as the set of agencies that, under the direct control and supervision of the President, support him in constructing leadership (Inácio and Llanos, 2015; Ragsdale and Theis, 1997, Arana, 2012) and governance (Moe and Wilson, 1994). These agencies are part of the executive but do not constitute the cabinet. The DAPRE is structured around two areas: the administrative support area and the mission area.

The area of administrative support is responsible for the services driving operation of the presidency. Overall, these services focus on security and logistics of the President. In turn, the mission area consists of the set of advisors responsible for assisting the President in the exercise of their constitutional and legal powers. To address this function DAPRE is composed of various units, namely Presidential Advisory Offices (Consejerías Presidenciales), Presidential High Advisory Offices (Altas Consejerías Presidenciales), Presidential Programs (Programas Presidenciales) and Presidential Directions (Direcciones).

Figure 1 shows the evolution of the internal structure of DAPRE, measured by its number of units. From 1958 until 1991, this arrangement remained relatively stable. However, since 1991 the administrative department began acquiring a more dynamic structure, increasing the number of entities that make up the presidential center in Colombia. The internal structure of DAPRE has an average duration of 6.4 years, and persists 2.5 presidential periods. This entails that practically each incoming President accommodates the internal structure of DAPRE to his needs.
Figure 1. Internal structure of DAPRE (1958-2015)

Figure 2 shows the number of institutional transformations of DAPRE that occurred during each presidential period. Transformations of the office started taking place under President Gaviria (LP, 1990-1994). His administration conducted the creation of ten bureaus inside DAPRE, the elimination of three, and the transformation of 21 existing bureaus—for 34 changes inside DAPRE.

The subsequent administration of President Samper (LP, 1994-1998) produced the greatest number of bureaus created in the history of DAPRE. Twenty units were created,
four eliminated and 44 transformations were introduced to existing organizations, for a total of 69 transformations during this period.

In turn Pastrana’s administration (PC, 1998-2002) produced the largest elimination of bureaus inside the presidential office. Twelve were abolished, nine new units were formed and 44 transformations in structure and/or functions took place, for 63 changes in the organizational structure.

During President’s Uribe eight-year tenure (Primero Colombia, 2002-2006 and 2006-2010), the number of changes to DAPRE’s structure decreased substantially. Uribe created only six bureaus, abolished eleven, and executed 29 changes to the existing ones, for 46 transformations in total. Conversely, DAPRE has seen the largest number of transformations since President Santos (PSUN, 2010-2014 and 2014-2018) took office and the time we write these lines. During his first administration, Santos created sixteen new bureaus, eliminated an additional ten, and underwent 72 functional or structural transformations to existing bureaus. The trend continues during his second administration, when fifteen new bureaus have been added, five eliminated, and 32 internal transformations have been completed.

3. Cabinet allocation, party representation, agency loss and the politics of organizational design

In a classical article, Maiwaring (1993) outlined the negative consequences for democratic stability of presidential systems combined with multiparty systems—which he aptly dubbed “the difficult combination.” Multiparty presidentialism presents three problems: it stimulates inter-branch conflict, stable government coalitions are difficult to secure, and it fosters ideological polarization. Several other studies have cropped up in order to test the ideas that are implied by the notion of the difficult combination (Chasquetti, 2001; Cheibub, 2007). Most of these studies focus on showing how minority Presidents need to devote greater resources to attain support in the legislative in order to be better able to govern. In other words, minority Presidents ought to build coalitions (Amorim Neto, 1998; Lanzaro, 1998; Chasquetti, 2001; Jones, 2005; Cheibub, 2007,
Payne, 2007). In general, as the number of parties increases, the probability of minority governments that need to recur to coalitions also increases (Tsebelis, 2002; Albala, 2016). In these situations, Presidents may adopt a cooperative strategy. Alternatively, Presidents may decide against negotiation and may use their presidential powers to govern through decrees (Amorim Neto, 2006).

There is some degree of consensus in the literature that the maintenance of government coalitions depends on the size of the legislative support for the President. The larger the support, the probability that the coalition breaks down decreases (Altman, 2001; Chasquetti, 2008; Alemán y Tsebelis, 2012). The literature also highlights that when reelection is allowed, the probability that coalitions collapse also decreases (Chasquetti, 2008; Martínez-Gallardo, 2012).

Moreover, there is consensus around the fact that Presidents use cabinet appointments as currency to build coalitions, strengthen their government, and get their policy agenda implemented (Alemán y Tsebelis, 2011; Martínez-Gallardo, 2011, 2014; Amorim Neto, 2006). However, cabinet formation does not only serve that purpose. Appointments and changes also respond to the Presidents’ strategies to adapt to changing environments in order to face crises and conflicts (Camerlo and Pereira, 2010; Raile, Pereira y Power 2011, Camerlo and Pérez-Liñan, 2012; Martínez-Gallardo, 2014).

As Martínez-Gallardo (2016) points out, the literature commonly assumes that ministers owe their loyalty to the President. Nevertheless, reality is quite different. Ministers may have their own political incentives that do not align with those of the President. Partisan ministers may have greater loyalties towards the political party to which they owe their position in the cabinet, than to the President that actually appointed them. This means that ministers face pressures of two competing principals, their party leader and the President (Carey, 2007; Samuels and Shugart, 2010; Arana, 2012, Martínez Gallardo, 2014). This agency dilemma is not exclusively related to party-affiliated ministers. Even if Presidents appoint people from their own political party or nonpartisan technocrats in the cabinet, it is hard to assume that they are going to be homogenously faithful agents to the President.
These ministers also have political or personal incentives that could diverge from the President’s and therefore, they will pursue goals that may conflict with the President’s aims. In fact, according to Martinez Gallardo (2015), the common occurrence of high-profile conflicts between Presidents and ministers—including those from their own party—found in Latin America contradicts the literature’s assumption that non-partisan and own party ministers are loyal agents.

Following McCubbins, Noll and Weingast (1987), this bureaucratic drift is a restatement of the classic principal-agent problem. There will always be a tension between the efficiency gains that the delegation provides and the risk that ministers will expropriate these efficiency gains for themselves. That is, Presidents face the risk that ministers will use their authority to prioritize the party’s goals, or their own goals, rather than the government’s. This is what the literature refers to as the risk of agency loss (Kiewiet & McCubbins, 1991; Lupia, 2003; Strøm, 2000; Martinez Gallardo, 2015).

This situation raises the question of how Presidents can ensure that ministers remain faithful agents or at least how to reduce the information asymmetries between Presidents and ministers. One such tool is the strategic redesign of the presidential office. Scholars, employing theoretical tools under the rubric of the “New Economics of Organization,” have largely shown that public organizations emerge and transform out of political conflict and strategic bargaining between rational actors or coalitions (Fiorina, 1986; Moe, 1989, 1994; Macey, 1993; Horn, 1995; Epstein and O’Hallaran, 1999; Huber and Shipan 2002; Lewis, 2003; Wood and Bohle 2004).

The bulk of this tradition looks at organizational design through a focus on congressional delegation (Lewis, 2003). Legislators delegate policy making authority to the executive when they feel that delegation will increase their electoral opportunities relative to policy-making in congress. Here, the legislative enacting coalition design agencies to insulate policy both from the executive and from the future influence of subsequent political coalitions (Horn and Shepsle, 1989). Public organizations are seen almost as an extension of the legislature. In this sense, congress has the final decision over which
agencies are created, what functions they perform and how they are designed (Macey, 1992; Horn, 1995; Epstein and O’Halloran, 1999).

One important exception to this line of research, argues that the administrative design of public organizations cannot be understood without knowledge of the influence of the President. Scholars in this tradition see administrative agencies as the result of bargaining between the President and congress, with the President therefore having a direct influence on agency design (Moe, 1989, 1990a, 1990b, 1997; Moe and Wilson, 1994; Howell and Lewis, 2002; and Lewis, 2003). For instance, in Moe’s work, the role of the President is studied in terms of his efforts to oppose attempts by congress to insulate administrative agencies. Building on Moe’s insights, Lewis (2003) shows how Presidents can influence the design of such organizations through their legislative power of veto, their position as a chief executive and their authority to create administrative agencies through executive action (executive orders, departmental orders, reorganization plans). Presidents devise these organizations in ways that take full advantage of their control over them.

These insights concerning the President’s role in the creation of administrative agencies has been very helpful in developing a more complete and testable theory about the process of agency design. However, information is still required on the role of the President in contexts, such as Latin America, in which their power to unilaterally create administrative agencies is proactive and not reactive against the power of Congress (Mejía-Guinand, 2014).

According to Inácio and Llanos (2013), Presidents can use structural changes in their offices as a tool to manage their relations with the political environment in general, and with the cabinet in particular. As Arana (2012) stresses, “this is precisely what the inner circle of the President is for; officials that are capable of complementing, substituting, accommodating or even competing with the Minister’s tasks. These presidential advisors help reduce the information asymmetries between those Ministers that are more closely-dependent to their party and the President” (Arana: 2012, p. 34).
In this regard, we argue that choosing differentiated organizational forms or variations for the presidential office is not only a management tool or an instrument of improved governance, but also a political action and result from efforts by the President to optimize expected benefits from the administrative design. Particularly, in this paper we look into three hypotheses to explain the changing structure of the presidential Office in Colombia.

First, we suggest that the internal organization of the President’s office changes as a response to the risk of agency loss associated to the cabinet choice strategy employed by the President. As discussed previously, Presidents who want to enact policy through the legislative process must build support for their policy agenda by including parties in the cabinet. However, information asymmetries between the interests of ministers and the President may result in outcomes that differ from the preferences of the latter (Kiewiet & McCubbins, 1991; Lupia, 2003; Strøm, 2000; Martinez-Gallardo and Schleiter, 2015). Following Strøm (2000), this risk is more prevalent when the ministers have goals and incentives that are poorly aligned with those of the President, and when they are difficult to control once in office. This happens because partisan ministers find themselves subject to pressures to follow the divergent policy goals of two competing principals, their party leader and the President (Carey, 2007; Samuels & Shugart, 2010; Martinez-Gallardo and Schleiter, 2015).

If the minister decides to use his dual agency and chooses his political party as principal, the President may face information asymmetries that hamper his capacity to govern. Thus, Presidents may modify the structure of public administration particularly that of the presidential office in order to offset the menace of information asymmetries.

Second, we explore the idea that the structure of the internal organization of the President is shaped by the President’s legislative strategies. If the President decides to govern by executive prerogatives, a minority cabinet is more likely to be appointed leading to fewer changes in the internal organization of the presidential office. Conversely, if the President relies on congressional support to advance his legislative initiatives, he will need to build a coalition thus granting cabinet positions to coalition members. In such case, the
President will probably counter any possible agency loss by increasing the size of his presidential office.

Third, we expect the internal organization of the presidential office to grow in complexity as demand for government action increases. Presidents are held accountable for almost every aspect of national performance, ranging from macroeconomic stability and growth, to international affairs. Presidents are vulnerable to powerful players, such as congress, with opposing incentives and enough institutional resources (Bonvecchi and Scartascini, 2011). Therefore, Presidents have strong incentives to strengthen the capacity of their offices, placing trusted advisers to supervise cabinet ministries from above, to centrally coordinate the work of the bureaucracy and maximize its service delivery (Moe and Wilson, 1994). Thus, the emergence of the presidential center responds to the presidential need to secure political leadership and to attune his policy outcomes to the general mood of public opinion (Bonvecchi and Scartascini, 2011). In this sense, the President accommodates the structure of the presidential center in order to secure a hierarchical decision-making process required to meet the increased demand for government activity.

4. Data and variables

To test these hypotheses, we constructed an original database to map out the changes to the presidential center in Colombia. The data include information about the number of agencies attached to DAPRE, legislative support to the President, partisan portfolio allocation, and direct participation by the government in policy making. This database runs from 1958 to 2015 with biannual observations.

The data regarding the structural change within DAPRE was constructed by tracking the evolution of all agencies attached to this department since 1931, year in which the first

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3 The starting point of analysis, second semester of 1958 was chosen because it was Colombia’s return to a democratic regime, after an almost four-year period of military dictatorship under General Rojas Pinilla.

4 Colombia’s Congress starts its four-year period on July 20th, while Presidents assume their four-year governmental period on August 7th of the same year. Given this calendar, it was suitable to collect data on a biannual basis, initiating with the second semester of 1958 until second semester of 2015 (1958-II–2015-II).
entity was created. This exercise allowed the creation of a database with 93 inputs, each consisting of a given agency created at time \( t \). Furthermore, for each agency the database includes the agency’s creation year, the number of transformations in its internal structure, the number of changes in its functions and, when applicable, the agency’s termination year. With this secondary database, we constructed the dependent variable, \( \text{ndapre} \), as the number of agencies ascribed to the presidency at any given time \( t \). This variable is expected to respond to changes in the partisan portfolio allocation, to changes in the legislative support to the President and to the extent of engagement of the President’s office in the formulation of public policy.

\[
t = \text{semester, year}
\]

Following the theory of coalitions previously described, the President makes a partisan-based allocation of the cabinet in response to the legislative support he receives through coalitions made with other parties. However, this allocation may entail information costs and asymmetries to the President because of the loyalty and party discipline that a given cabinet member may have toward his own party’s priorities and agenda rather than to the President’s. Thus, we assembled another database with 548 entries of cabinet members appointed since 1958, each including information on the appointment date, dismissal date, party affiliation of the minister, party affiliation of the President, and office tenure (measured in semesters). The cabinet database was used to create the explanatory variable \( \text{cabinet allocation} \) as a proxy to measure information asymmetries. This variable measures the number of ministers at time \( t \) affiliated to other parties. We understand as “other parties” any party different to the President’s party, whether it belongs or not to the formal government coalition. Following theory, cabinet allocation is expected to have a positive relationship with the dependent variable \( \text{ndapre} \).

\[
\text{Cabinet allocation}_t = \frac{\text{Number of ministries affiliated to other parties}_t}{\text{Total number of ministries}_t} \times 100
\]

Using the historic results of Congressional elections, it was possible to construct the President’s contingent in both chambers for every given period (Table 1). The independent variable Legislative \( \text{support} \) represents the number of seats by the President
or his coalition, in the lower chamber of Congress. We used the lower chamber because all bill proposals start their legislative transit in the lower chamber.

\[
\text{Legislative support}_t = \frac{\text{President seats}_t + \text{Coalition seats}_t}{\text{Total number of seats in the lower chamber}_t} \times 100
\]

Table 1. Legislative Contingent of the President

<table>
<thead>
<tr>
<th>Period</th>
<th>Senate</th>
<th>Lower chamber</th>
</tr>
</thead>
<tbody>
<tr>
<td>1958II-1960I</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>1960II-1962I</td>
<td>1.00</td>
<td>0.88</td>
</tr>
<tr>
<td>1962II-1964I</td>
<td>0.86</td>
<td>0.79</td>
</tr>
<tr>
<td>1964II-1966I</td>
<td>0.86</td>
<td>0.68</td>
</tr>
<tr>
<td>1966II-1968I</td>
<td>0.76</td>
<td>0.69</td>
</tr>
<tr>
<td>1968II-1970I</td>
<td>0.76</td>
<td>0.82</td>
</tr>
<tr>
<td>1970II-1974I</td>
<td>0.68</td>
<td>0.64</td>
</tr>
<tr>
<td>1974II-1978I</td>
<td>0.59</td>
<td>0.57</td>
</tr>
<tr>
<td>1978II-1982I</td>
<td>0.55</td>
<td>0.56</td>
</tr>
<tr>
<td>1982II-1986I</td>
<td>0.43</td>
<td>0.41</td>
</tr>
<tr>
<td>1986II-1988I</td>
<td>0.56</td>
<td>0.54</td>
</tr>
<tr>
<td>1990II-1991I</td>
<td>0.58</td>
<td>0.60</td>
</tr>
<tr>
<td>1991II-1994I</td>
<td>0.57</td>
<td>0.54</td>
</tr>
<tr>
<td>1994II-1998I</td>
<td>0.55</td>
<td>0.54</td>
</tr>
<tr>
<td>1998II-2002I</td>
<td>0.31</td>
<td>0.28</td>
</tr>
<tr>
<td>2002II-2006I</td>
<td>0.13</td>
<td>0.13</td>
</tr>
<tr>
<td>2006II-2010I</td>
<td>0.67</td>
<td>0.58</td>
</tr>
<tr>
<td>2010II-2014I</td>
<td>0.73</td>
<td>0.84</td>
</tr>
<tr>
<td>2014II-</td>
<td>0.51</td>
<td>0.60</td>
</tr>
</tbody>
</table>

The variable legislative support is expected to have a positive relationship vis-à-vis the ndapre variable.
The last hypothesis states that changes within DAPRE respond to the increased demand for public policy making. A larger participation of the Presidency in policy design requires greater institutional capacity and bureaucracy thus motivating the government’s central office to grow in structure, budget and functions. The variable Conpes is used as a proxy to measure the extent of participation of the President’s office in policy making. Conpes (Consejo Nacional de Política Económica y Social—National Council for Economic and Social Policy) are technical documents used in Colombia to delineate the policy formulation, strategies and intervention instruments for the national government. Conpes documents date back to 1967 and through the year 2016 a total of 4,009 documents were produced, two percent of which were created with the direct involvement of DAPRE\(^5\).

This variable measures the number of Conpes documents that are prepared either by DAPRE or by its affiliated agencies in collaboration with the National Planning Department (NDP). To construct this variable, we consulted the online catalogue of the NDP\(^6\).

Two control variables were included. First, we created a dummy variable, 1991 Constitution, to identify the periods before and after the 1991 Constitution. This constitutional change drastically modified the structure of the Colombian state granting the presidential office with greater involvement in social and public issues, and consequently augmenting the functions of the presidential center. DAPRE is thus expected to have a more robust structure after the 1991 Constitution.

The second control variable, new government is included to account for the effect of an incoming President over ndapre. This dummy variable takes the value of 1 for the semester in which a new President takes office and 0 otherwise. When President takes

\(^5\) Conpes policy documents drafted with the direct participation of DAPRE break down by areas as follows: peace and conflict resolution 26%; social development issues 13%; children and youth 8%; gender policies 5%; state reform 5%; competitiveness and industrial production 4%; and human rights 3%.

\(^6\) Available at [https://biblioteca.dnp.gov.co](https://biblioteca.dnp.gov.co)
office he unfolds his Government Plan and priorities that will mark the public policy agenda during his tenure. The Plan must be executed in coordination with all other state agencies, so it is not surprising to see the structure of DAPRE change in accordance with the Governmental Plan, at the beginning of each presidential term.

Table 2 presents descriptive statistics of the dependent and explanatory variables. Each variable captures a time series with 115 periods, given that information was processed by semester for the period 1958-2015, beginning in 1958-II, exception made with the CONPES series that begins in the first semester of 1967.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Obs.</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dependent ndapre</td>
<td>115</td>
<td>8.87</td>
<td>5.00</td>
<td>1.00</td>
<td>32.00</td>
</tr>
<tr>
<td>Independent cabinet allocation</td>
<td>115</td>
<td>34.53</td>
<td>14.90</td>
<td>0.00</td>
<td>72.2</td>
</tr>
<tr>
<td>Independent legislative support</td>
<td>115</td>
<td>57.70</td>
<td>20.34</td>
<td>12.6</td>
<td>100.00</td>
</tr>
<tr>
<td>Independent conpes</td>
<td>98</td>
<td>1.17</td>
<td>1.70</td>
<td>0.00</td>
<td>10.00</td>
</tr>
<tr>
<td>Control 1991 constitution</td>
<td>115</td>
<td>0.43</td>
<td>0.49</td>
<td>0.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Control new government</td>
<td>115</td>
<td>0.13</td>
<td>0.33</td>
<td>0.00</td>
<td>1.00</td>
</tr>
</tbody>
</table>

Considering the structure of the time series, we ran two different models. The first model incorporates the variables cabinet allocation, legislative support, 1991 constitution and new Government as explanatory variables of ndapre for the entire period. The second model, adds the conpes explanatory variable and is run for the 1967-I to 2015-II period. Given that the bulk of the changes to DAPRE take place after 1991, we estimated a third set of models to account for the effect of the change in the nature of politics in Colombia brought about by the enactment of a new Constitution. Thus, in the third model, we included interactions of the key variables (cabinet
allocation, legislative support, and conpes) with a dummy variable that indicated whether or not it was the period after 1991. Next section presents the structure of the multivariate series to determine the model that best fits the data.

5. Methodology and econometric model

Time series and stationarity

When working with time series, the underlying assumption is that all time series are stationary, which implies that the series have a constant mean and variance for the whole period. Problems emerge when one or several series do not abide to this assumption. This situation is quite common and it implies that given shocks that occur at certain times, persist throughout the series. Non-stationary series are problematic in two ways. First, changing mean and variance make the regression results non-generalizable to other periods of time. Second, the regression results may be spurious. A stationary series is said to be integrated of order zero, while a non-stationary series (or of unitary root) is integrated of order $d$, entailing that it needs to be differentiated $d$ times to transform it into a stationary series.

Analysis of the series structure

Before estimating a model that allows us to test our hypotheses we need to determine whether the variables (series) under analysis behave under the stationary assumption or whether they are of unitary root. The first step requires each series to be analyzed individually to establish its autoregressive order $p$ and its integration order $d$ to ascertain the series stationarity. The second step is to conduct a multivariate analysis of all the system.

A quick eyeballing of the individual series (see Annex 1) suggests that we are dealing with non-stationary series. The different series have clear patterns, when none should be observed (stationary series resemble white noise). Nevertheless, we run formal tests on

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7 A data series is said to follow an autoregressive process when it is possible to predict its future behavior based on its past values.
each series to establish the autoregressive order of the series and the order of integration of each variable.

Initially, given that data was gathered on a biannual basis, we believed that using two lags as maximum autoregressive order was sufficient. However, given that series may be auto-correlated along a given presidential period, we decided to use a maximum order of eight lags, equivalent to a government’s four-year period. Subsequently we conducted the formal test to establish the order of auto correlation of each series AR($p$) through the \texttt{varsoc}$^8$ command in Stata. With the results attained, we then ran the augmented Dickey-Fuller unitary roots test using the \texttt{dfuller} command in Stata.

The null hypothesis in the augmented DF unitary test is that the series has presence of unitary roots, while the alternative hypothesis, is that the series is generated by a stationary process. The test results allow us to accept the null hypothesis, indicating that the series \texttt{ndapre, cabinet allocation and legislative support} contain unitary roots. Subsequently, we applied the DF unitary test to the first derivative of each series. We were then able to reject null hypothesis and conclude that the series \texttt{ndapre, cabinet allocation and legislative support} are non-stationary integrated of order one, I(1). With regards to the \texttt{conpes} variable, the augmented DF unitary test indicates that this series follows a stationary process, I(0).

We then proceeded with the second step and analyzed all variables as a system, given that the interaction between series and the dynamics of each series leaves the univariate analysis short$^9$. We ran a formal test to determine the optimal order of lags to be included in the model. Additionally, we included the exogenous variables \texttt{1991 constitution} and \texttt{new government}. All three criteria, Akaike, Schwarz and the Hanan & Quinn

\footnote{The command takes into account three criteria to select the optimal lag order: the Akaike information criteria , AIC (Akaike 1973, 1974); the Schwarz Bayesian information criteria, SBIC (Schwarz, 1978; Rissanen, 1978); and the Hannan and Quinn information criteria, HQIC (Hannan & Quinn, 1979)}

\footnote{In particular, assessing for co-integration takes relevance given that when present in the model, it may entail spurious regressions among variables.}
indicate without doubt, that the optimal order of series correlation of the system is one. In other words, the system behaves as an AR(1). This autoregressive order, \( p \), is the same for both models: i) the model with 115 observations which includes the variables \( \text{ndapre}, \text{cabinet allocation}, \text{legislative support}, \text{and the dummies 1991 constitution and new government}; \) and ii) the model that includes the \( \text{conpes} \) variable.

The fact that series \( \text{ndapre}, \text{cabinet allocation and legislative support} \) follow a unitary root process \( I(1) \) makes it necessary to use their first differences to convert the series into stationary. This finding is usually accompanied with a co-integration test to determine the existence of a common stochastic trend among the series. However, given that the order of autocorrelation of the system series is one, the vector autoregression (VAR) and vector error correction (VEC) models do not work because once the first differences are taken, there are no lags left to estimate. Therefore the tests run on stationarity and autoregressive order leads us to conclude that the model that best fits the series is a multivariate model of first differences for the variables \( \text{ndapre}, \text{cabinet allocation, legislative support and conpes} \) by means of the Ordinary Least Squares Method (OLS)\(^\text{10} \).

\[
\Delta \text{ndapre}_t = \beta_0 + \beta_1 \Delta \text{cabinet allocation}_t + \beta_2 \Delta \text{legislative support}_t \\
+ \beta_3 \text{constitution1991}_t + \beta_4 \text{new government}_t + \xi_t
\]

\[
\Delta \text{NDapre}_t = \beta_0 + \beta_1 \Delta \text{cabinet allocation}_t + \beta_2 \Delta \text{legislative support}_t \\
+ \beta_3 \Delta \text{conpes}_t + \beta_4 \text{constitution1991}_t + \beta_5 \text{new government}_t + \xi_t
\]

\(^{10}\text{The Ordinary Least Squares Method is often used in linear regression analysis because it is a linear estimator of easy application. With this method, the sum of the squared residuals is minimized, and provided that some statistical conditions are met, the resulting lineal estimators are of minimum variance.}\)
\[ \Delta \text{ndapre}_t = \beta_0 + \beta_1 \Delta \text{cabinet allocation}_t + \beta_2 \Delta \text{legislative support}_t \]
\[ + \beta_3 \Delta \text{conpes}_t + \beta_4 \text{constitution1991}_t + \beta_5 \text{new government}_t \]
\[ + \beta_1 (\Delta \text{cabinet allocation}_t \times \text{constitution1991}_t) \]
\[ + \beta_2 (\Delta \text{legislative support}_t \times \text{constitution1991}_t) + \beta_3 (\Delta \text{conpes}_t \times \text{constitution1991}_t) + \xi_t \]

Where \( \Delta \text{ndapre}_t \) is the dependent variable on semester \( t \), explained by the variables, \( \Delta \text{cabinet allocation}_t \), \( \Delta \text{legislative support}_t \) and \( \Delta \text{conpes}_t \) and by the dummy variables \( \text{1991 constitution}_t \) and \( \text{new government}_t \).

It is expected that an increment in the party-based cabinet allocation leads to an increment in the size of the presidential center. That is, we expect \( \beta_1 \) to be positive. Similarly, a greater legislative support to the President in the lower chamber is expected to increase the number of agencies that belong to DAPRE, which would return a positive \( \beta_2 \). In the second regression, we also expect \( \beta_3 \) for the \( \Delta \text{conpes}_t \) variable to have a positive sign, as an increased participation of the executive in public policy formulation requires a robust presidential center. We anticipate betas for both control variables (labeled \( \beta_4 \) and \( \beta_5 \) in the second model) to take positive values in the regression to account for i) an expanded DAPRE as consequence of the enactment of the new Constitution that granted more responsibilities to the President, and ii) the beginning period of incoming governments when they need to start delivering on their campaign proposals and priorities. Finally, we expect the interactive variables in the third model to be positively related to changes in DAPRE given that most of the changes to the presidential center take place in the post-1991 era.

6. Results

The results for the models estimated are presented in table 3, showing the first differences obtained through the ordinary least squares method. Model 1 shows the results for the period 1958-I–2015-II. As mentioned, this model does not include the dummy variable \( \text{conpes} \) because the data for this series begins in 1967. Model 2 shows the results for the
regression run with all variables, including conpes, therefore 17 observations are lost due to the reduction of the analysis period to 1967-II–2015-II. Model 3 includes the interactions between the substantive variables and the dummy for the post 1991 period. The regression results attained in the first two models are robust given that all coefficients retain their signs and their statistical significance (or lack thereof).

In general, the first two models (labeled 1 and 2 in the table) show that cabinet allocation and new government are statistically significant and positive. The first variable measures the change in the percentage of ministers affiliated to other parties and has a positive effect on the number of agencies that constitute the presidential center, as we anticipated. In terms of the magnitude the coefficient, we can state that the effect is palpable. When the President gives out 25% of his cabinet to other parties, the model predicts that a little more than an office in DAPRE will be created \((0.0449\times25=1.12)\). Twenty five percent of the cabinet is about four portfolios, given that the average cabinet size for the entire period is 13.5 portfolios. This result confirms the central hypothesis of this paper in that a larger participation in the cabinet of ministers that are not affiliated to the President’s own party, motivate Presidents to react by creating new structures in the presidential center that allows them to appoint loyal and trustful advisers to counter the information asymmetries and challenges they may be facing. In other words, the size of DAPRE expands as means to control the possible agency drift of cabinet ministers that belong to other political parties.

The legislative support—the percentage of lower chamber seats held by the President’s party or coalition—is not statistically significant. So, the relationship between legislative contingent of the President and the size of the presidential center is inconclusive and yet to be further understood. We may speculate that this may be the result of fluid partisanship and diluted party brands. A consequence of the National Front agreements was increased intra-party competition. Parties became increasingly fragmented and voters increasingly frustrated. Fragmentation led to highly personalistic politics in the country. Therefore, it may well be the case that party affiliation is a poor predictor of policy orientation. In other words, Presidents may encounter agency loss and ministers may have questionable loyalties. Yet, ministers’ loyalty may not be tied to their parties either.
We included variable Conpes as proxy of greater participation of the presidential office in the policy-making process. This variable also turned out to be not statistically significant, therefore impeding us to ascertain whether there is a relationship between this variable and the growth of the presidential center.

Finally, we included two dummy variables as controls. The first is an indicator for the post 1991 period and while it is statistically significant in the first model, it is not so on the second. The variable is not robust to the inclusion of additional variables. The dummy for the first semester of a new government, however, is statistically significant in both cases. This result shows that during the first semester of each presidential period, about one and a half new agencies are created within DAPRE, as compared to the rest of the presidential term, confirming that when Presidents assume office and the executive gets installed, the presidential center is restructured to accommodate to the incoming government’s agenda and priorities.

The interpretation of the third model—which is particularly relevant—requires some additional work given that the significance of the interactions cannot be evaluated by the point estimates reported in the table.

To evaluate the significance of each interaction we calculate the point estimate, standard error, and confidence interval of the linear combination each of the “raw variables” added to the respective interacted variable. The confidence interval around this estimate reveals whether the interaction is significant. It turns out that only the interaction of cabinet appointments and post 1991 period is significant. The interactions with legislative support and Conpes papers are not.

Thus, the third model reveals that the percentage of cabinet appointments given to other parties is a good predictor of the size of the presidential center in the post 1991 period. As the percentage of cabinets to other parties increases one standard deviation, the model predicts an increase of about 1.4 offices in Dapre \((\sigma_{cabinet} \times \beta \cdot cabinet + \beta \cdot (cabinet \times post1991) \times 1) = (14.9 \times (0.03 + 0.06) \times 1 = 1.4)\). This not only supports the findings from the first two models, but also suggests a strong period effect. The need for the creation of new offices in the presidential center takes relevance in the
post 1991 period. As suggested, politics after 1991 cease to be bipartisan and multiple parties break into the scene. In a context of multipartism, Presidents find it increasingly difficult to secure majorities to support their policies and must form broad coalitions with different parties. Bringing different parties on board creates the risk of losing agency over ministers whose loyalties are questionable. To overcome this problem, Presidents create new offices that encompass key policies, many of which are being executed by various cabinets; not to outperform the ministers but to watch over them and advise the President on these matters.

Table 3. Regression models for the size of the presidential center

<table>
<thead>
<tr>
<th></th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cabinet appointments to other parties</td>
<td>0.0449***</td>
<td>0.0560***</td>
<td>0.0329</td>
</tr>
<tr>
<td></td>
<td>(0.0150)</td>
<td>(0.0176)</td>
<td>(0.0265)</td>
</tr>
<tr>
<td>Legislative support</td>
<td>0.00387</td>
<td>0.00326</td>
<td>0.0793</td>
</tr>
<tr>
<td></td>
<td>(0.0194)</td>
<td>(0.0215)</td>
<td>(0.0534)</td>
</tr>
<tr>
<td>Conpes papers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.0316</td>
<td>-0.0823</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.0849)</td>
<td>(0.303)</td>
<td></td>
</tr>
<tr>
<td>Post 1991</td>
<td>0.457*</td>
<td>0.420</td>
<td>0.388</td>
</tr>
<tr>
<td></td>
<td>(0.273)</td>
<td>(0.314)</td>
<td>(0.306)</td>
</tr>
<tr>
<td>First semester of new government</td>
<td>1.353***</td>
<td>1.581***</td>
<td>1.560***</td>
</tr>
<tr>
<td></td>
<td>(0.420)</td>
<td>(0.486)</td>
<td>(0.498)</td>
</tr>
<tr>
<td>Cabinet appointments × Post 1991</td>
<td></td>
<td></td>
<td>0.0604</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(0.0366)</td>
</tr>
<tr>
<td>Legislative support × Post 1991</td>
<td></td>
<td>-0.105*</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.0582)</td>
<td></td>
</tr>
<tr>
<td>Conpes papers × Post 1991</td>
<td></td>
<td>0.135</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.314)</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>-0.104</td>
<td>-0.102</td>
<td>-0.0906</td>
</tr>
<tr>
<td></td>
<td>(0.188)</td>
<td>(0.234)</td>
<td>(0.228)</td>
</tr>
<tr>
<td>Observations</td>
<td>114</td>
<td>97</td>
<td>97</td>
</tr>
<tr>
<td>R²</td>
<td>0.196</td>
<td>0.230</td>
<td>0.295</td>
</tr>
<tr>
<td>Adjusted R²</td>
<td>0.167</td>
<td>0.187</td>
<td>0.230</td>
</tr>
</tbody>
</table>

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

The post 1991 effect can also be observed graphically, as depicted in ¡Error! No se encuentra el origen de la referencia.. We plotted the relation between the percentage of
cabinet appointments to parties other than the government coalition and the number of offices in DAPRE.

Figure 3

The graph is separated by period, with the light dots showing the relationship before 1991 and the dark dots showing the relationship after 1991. We also overlaid the linear fit with 95% confidence intervals for both series. The figure clearly illustrates that before 1991 there is no relationship between cabinet appointments and size of the presidential center, while the opposite is the case for the post 1991 period when as a greater percentage of the cabinet is given to other parties, the size of DAPRE increases substantially.

7. Conclusions

The results of this paper contribute to the understanding of the factors that lead Presidents in Colombia to reform the internal structure of the presidential center. Here we confirm the findings by Inácio and Llanos that indicate that the type of government – coalition or single party – impact the general architecture of the Presidency. Our data shows how coalition presidentialism—something that became the norm in post 1991 Colombia—has witnessed an impressive growth in the structure of the presidential center. Furthermore, our results indicate that the partisan composition of the cabinet signifies potential threats of agency loss to the Colombian Presidents, whom, well aware of the risks implied in giving out portfolios to represent different members of the coalition, adopt deliberate
tactics to mitigate the risk, including the strategic redesign of their office. In this regard, the organizations ascribed to the Presidency directly monitor the performance and execution of the cabinets so that the President may obtain the necessary information to correct the potential drift of “unloyal” ministers. Therefore, we do find that variations in the internal structure of the presidency are not only a tool for sunning their office smoothly, but also a political action by the President aimed at optimizing the benefits of administrative design. Said benefits seek to reduce information asymmetries between the President and his cabinet.

Findings in this paper contribute to the growing research agenda on the presidential center, its internal organization and the resources available to Presidents in Latin America. However, further research with statistical methods or case studies is still necessary to establish the nature, frequency and the conditions that enable changes in the internal structure of the presidential office in the region.
References


Camerlo, Marcelo and Cícero Pereira (2010) Presidential Cabinets. Portfolio Reallocation and Socio-Political Conflicts in Latin America


Mejía Guinand, Luis Bernardo and Botero Felipe (forthcoming) “Del Escribiente al Superministro Consejero. Evolución de la Casa de Nariño como Organización” en Lanzaro (eds.)


Annex 1. Graphics for series NDapre;, Cabinet allocation, Legislative support and Conpes