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ABSTRACT

Weberian Civil Service and Labor Enforcement*

Most workers in the developing world do not receive the benefits they are legally entitled to. Why, then, is there so little public enforcement? This paper argues that this is partly because of a lack of an autonomous and professional bureaucracy. Using a novel dataset with objective measures of labor inspections and fines across countries, we show that Weberian bureaucracies are more likely to enforce labor standards. We provide OLS and 2SLS estimates that address endogeneity concerns and use ethnographic evidence collected in Latin America to understand the mechanisms better. The case study suggests that politicized bureaucracies underinvest in labor inspection because elected officials have short-term horizons and do not internalize the social benefits of enforcement (such as formal job creation and enhancement of the rule of law) because they take time to materialize.

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1. Introduction

The gap between the benefits to which workers in developing countries are entitled and the benefits they receive has been extensively documented (Bhorat et al., 2017; Ham, 2015; Rani et al., 2013). Country-specific and cross-country studies provide evidence that low levels of enforcement play a role in explaining this discrepancy (Gindling et al. 2015; Kanbur and Ronconi 2018). The research agenda that has emerged from these findings has raised the visibility of labor violations and stimulated interesting policy proposals. However, within this agenda, the determinants of variation in labor enforcement remain understudied. While we know about the effects of public enforcement, for instance, that more inspections tend to increase compliance with labor regulations (Ashenfelter and Smith, 1979; Almeida and Carneiro, 2012), or that compliance with labor regulations may be the result of specific inspection modes or strategies (Weil 2010; Piore and Schrank 2008; Pires 2008), we know little about the relevance of agency autonomy on public enforcement. In this regard, the study of co-enforcement—cooperation between the state and trade unions (or other civil society organizations)—is a relevant line of research. Amengual (2016) has examined Argentine provinces with low autonomy of their labor inspectorates and found that where inspectors cooperate with trade unions, there is an increase in the number of inspections. In other words, in contexts of low autonomy, partnering with influential civil society organizations leads to greater worker protection. This thesis is also supported by Fine (2017), who analyzes the conditions for cooperation between labor inspectors and workers' organizations in the face of an "enforcement crisis" in which inspectors are not "sufficient to address the problems of the twenty-first-century labor market." One does not have to deny the importance of the state-civil society links to note that lobbying by organizations such as trade unions can bias inspections, as in Argentina, where labor inspectors tend to visit formal enterprises (where trade union members work) and exclude informal ones, where labor violations are more likely to occur

(Almeida and Ronconi, 2016). This article contends that effective labor enforcement must be analyzed relative to different levels of bureaucratic autonomy.

Using a novel dataset containing objective enforcement measures, including inspection resources and fines for more than one hundred countries, this article contributes to this debate by analyzing the links between attributes of state agencies and law enforcement as a crucial intervening and constitutive aspect of state action. More specifically, we provide evidence that Weberian bureaucracies are more likely to enforce labor standards. In addition, and supported by qualitative data from Argentina, we speculate that the lack of autonomy of the labor inspectorate is associated with short-term horizons, resulting in underinvestment in enforcement because the benefits are perceived to take place in the long run while the costs are in the short run.

Following Max Weber (1978) and Evans and Rauch (1999), we define the Weberian bureaucracy as an organization characterized by 1) meritocratic recruitment, 2) job stability, and 3) long-term career rewards. This translates into professional and autonomous bureaucratic functioning, which means the "de facto non-alignment of political cycles and the cycles of autonomous bureaucracies" (Cingolani et al., 2015). Since the Weberian definition of bureaucracy refers to an ideal type, differences between bureaucracies should be seen in their distance from that ideal type. A non-Weberian bureaucracy is one in which its organization lacks autonomy, i.e., without meritocratic recruitment and continuous job instability.

Theoretically, it is ambiguous how a Weberian bureaucracy affects labor law enforcement. On the one hand, there are reasons to expect a negative impact. First, since the seminal contribution of Kingsley (1944), there is a concern in public administration that a highly educated bureaucracy would not enforce labor standards among low-skilled workers if the social class is a prime driver of bureaucrats' behavior (see also Carnes and Lupu 2015). Second, public choice

economists such as Tullock (1965) stress that job stability may induce civil servants to be lazy —therefore, producing lower enforcement—since they do not fear the threat of being fired. Third, organizational non-compliance scholarship has documented determinants that lead bureaucrats to fail to comply with the law in countries featuring high-quality government (e.g., Charbonneau et al. 2018; Gray and Silbey 2014).

On the other hand, there are reasons to expect a positive effect of a Weberian Bureaucracy on labor law enforcement. The existing literature suggests that the consequences of a lack of autonomy in enforcement depend on who is capturing the state agency. First, when business people control it, as the extensive literature following the Stigler-Peltzman model shows, they have little incentive to enforce regulations detrimental to their profits (Dal Bo 2006). Second, when labor unions control the state agency, then the inspectorate focuses on protecting the rights of labor union members who, in the less developed world, are usually not the most disadvantaged and exploited workers (Almeida and Ronconi 2016; UNDP 2021). Finally, when elected politicians control the state agency, the effects are more ambivalent, as the literature on public administration suggests (Ebinger et al., 2019). Whereas politicization may be detrimental to professionalism and meritocracy, politicization can also serve as an effective tool to safeguard political control over the ministerial bureaucracy.

In line with extant research (Kydland and Prescott 1977; Rogoff 1985; Majone 1996; Koop and Hanretty 2018), our conceptual contribution to this literature is the emphasis on time horizons. We stress that when elected politicians control the labor inspection agency, enforcement is lower compared to a situation where the agency is in the hands of long-term career bureaucrats. This is because elected politicians do not consider the social benefits of enforcement in the long run, such as moving society towards a rule of law paradigm.

We empirically document how variation in the degree of professionalism and autonomy in the civil service affects labor law enforcement. Our empirical contribution faces two critical measurement challenges. First, there are no objective measures of labor enforcement, such as inspections and fines (Berliner et al., 2015). Second, estimating a causal effect is complex because many factors correlated with the Weberian bureaucracy may also directly affect labor enforcement, introducing omitted variable bias (Cornell et al., 2020). We use a novel dataset that objectively measures labor inspection and fines (Kanbur and Ronconi, 2018); and compute Two-Stage Least Squares (2SLS) estimates to address endogeneity concerns. Finally, and importantly, we use ethnographic evidence to understand better the mechanisms linking bureaucratic autonomy and law enforcement.

The article contributes to the political economy of labor law and hypothesizes about the time dynamics of the social costs and benefits of labor inspection. Contrary to the predictions of the insider-outsider model (Saint-Paul, 2002), which indicates that protective labor regulations hurt so-called outsiders (i.e., unemployed and informal workers), most workers in the developed and the developing world, including the outsiders, support protective labor codes (Emmenegger 2009; Ronconi et al. 2022). Questions such as why democratically elected governments in the developing world devote comparatively few resources to enforcing labor regulations or why governments usually devote those few resources to inspect registered firms instead of focusing on informal firms where non-compliance with workers' rights is more likely to occur, remain unanswered. This paper provides a potential explanation by stressing that the costs of inspection take place in the short term (e.g., informal job destruction) while the benefits take more time to materialize (e.g., formal job creation and the rule of law). Because the executive branch usually controls inspection agencies in the developing world, they have short-term horizons (e.g., the next election) and tend to underinvest in enforcement.

The remainder of the article is structured as follows. First, we discuss the literature analyzing the impacts of Weberian bureaucracies and the time dynamics of the social costs and benefits of labor inspection. We then present quantitative evidence showing a positive correlation between bureaucratic quality and law enforcement. We strengthen our argument before the discussion and concluding section by providing qualitative evidence on the mechanisms at play.

2. Labor Enforcement, State Autonomy, and Time Horizons

At the heart of our argument is the question of bureaucratic autonomy as a determinant of law enforcement in low-and-middle-income countries. Research on public bureaucracies has analyzed correlations with different outcomes, particularly those leading to economic development (Evans and Rauch 1999; Cingolani, Thomsson, and de Crombrugghe 2015). For example, Dahlström et al. (2012) find that diverse degrees of public employees' autonomy have a strong negative correlation with corruption. Similar results can be found in Rasul and Rogger (2018), who observe that bureaucratic autonomy positively impacts public services delivery, and Henderson et al. (2007), who show that Weberian bureaucracies tend to lower poverty. However, empirical evidence also supports mixed arguments. Recent analysis testing Evans and Rausch' (1999) classic thesis on Weberian-style states' association with economic development provides evidence that casts doubt about that relationship (Cornell, Knutsen, and Teorell 2020). These unclear links even extend to the relationship between law enforcement capacity, especially property rights, and economic development (Haggard 2019; Haggard and Tiede 2011). This literature shows that various "independent outcomes" (Centeno et al. 2017, 6) derived from different levels of bureaucratic autonomy have been analyzed. However, to our knowledge, labor law enforcement has received little attention as a specific outcome of bureaucratic performance.

A concern with law enforcement can also be found in the literature on "policy implementation" as a generic idea that includes enforcement. Classic discussions on bureaucracies and credible commitment, for example, are based on the idea that a better bureaucracy provides intertemporal credibility by implementing policies and enforcing the rule of law (e.g., Miller 2000). Regardless of the outcome, the literature on policy implementation assumes that policymakers are interested in implementing decisions. In many cases and for various reasons, those tasked with implementing policy, such as regulators, inspectors, police, bureaucrats, etc., may fail, but even so, in this literature is not assumed that public policy is designed not to be implemented. In contrast, the concern with law enforcement, which is particularly evident in studies focusing on Latin America, stems from the observation that policymakers intentionally fail to enforce specific laws (Holland 2017; Brinks et al. 2019; Feierherd 2020; Dewey and Di Carlo 2021). Or put differently, policymakers' interest lies in the strategic non-enforcement of the law. Focusing exclusively on law enforcement, this paper draws on this literature and argues that situations in which the political authority forbears norm violations (and does not change the norm because non-enforcement is functional to its interests) are analytically distinct from situations in which policymakers would like to see their policies implemented but budgetary reasons or even petty corruption are constraining this possibility.

This article contends that law enforcement is a constitutive aspect of state action that needs to be acknowledged as an outcome of the bureaucracy (Centeno et al. 2017, 6). Based on the distinction between the quality of bureaucracy and its outcomes, we speculate that bureaucratic autonomy and professionalism (both elements of a Weberian bureaucracy) matter because they serve as selection devices that affect the time horizons of policymakers responsible for enforcing labor laws.

Our hypothesis has two building blocks. First, we assume that the performance of the labor inspectorate is strongly shaped by the time preferences, skills, and horizons of the policymakers

who control the organization, which in turn depend on the recruitment criteria. In line with scholarship that takes politician's short-term goals into consideration (Majone 1996; Koop and Hanretty 2018), we argue that if the inspectorate is not autonomous but is controlled by the executive, then the labor inspectorate will focus on activities that bring benefits (and votes) in the short run, as elected officials seek to maximize their chances of winning elections and staying in power. Conversely, suppose the policymakers who control the labor inspectorate are autonomous and professional long-term career civil servants who entered through meritocratic recruitment (that is, a Weberian civil service). In that case, the inspectorate will focus on activities that produce more social benefits than costs without the short-termism imposed by electoral competition. These arguments build heavily on the seminal work of Kydland and Prescott (1977) and Rogoff (1985) on time inconsistency and central bank independence literature in economics. However, to the best of our knowledge, they have not been applied to analyze the labor inspectorate.

Second, we highlight the time dynamics of the social costs and benefits of labor inspection. Evidence suggests that in countries with large informal sectors, the enforcement of labor regulations leads to informal jobs destruction in the short run and may even lead to the bankruptcy of the informal firm if its main competitive advantage is based on the evasion of labor and social security regulations (Almeida and Carneiro 2009). Nevertheless, the social benefits of enforcement tend to take longer to materialize (Ronconi 2019). One benefit is the creation of formal jobs, which can occur either through formalization or through the growth of formal firms due to less competition from informal firms. But in the latter case, the benefits tend to materialize in the medium term. The other significant benefit of enforcement is that it moves society towards a "rule of law" paradigm. As institutionalists argue, this is an essential determinant of productivity and welfare (North 1990; Acemoglu, Johnson, and Robinson 2005). But this social benefit takes a very long time to materialize and is therefore usually ignored by

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elected officials who run for office every two or three years. When the labor inspection agency is politicized, we expect lower enforcement efforts than when the agency is autonomous and professional because only in the latter case do policymakers internalize the rule-of-law benefits of enforcing the law.

3. Data and Methodology

The main empirical objective of this paper is to provide evidence on how variation in the "Weberianess" of bureaucracy, or extent of professionalism and autonomy in the civil service, affects labor law enforcement. There are two main challenges to achieving this objective. First, measuring labor enforcement is difficult. Conceptually, we would like to consider state actions to achieve compliance with labor regulations. State actions include resources and activities that affect the probability of finding employers who violate the law and actions that determine the expected penalty (such as, for example, the number of labor inspectors, their skills and efforts, the penalties set in the code, and their effective implementation). We use a novel dataset that covers a subset of the above actions.[1]

Second, identifying a causal effect is complex because many factors correlated with the bureaucracy's quality can also directly affect labor enforcement, producing omitted variable bias. We compute cross-country estimates of the effects of a Weberian civil service on labor enforcement using alternative sources to measure how autonomous and professional is the civil service, including data from the Quality of Government Institute (QoG) at the University of

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[1]Note that the lack of labor inspection data has impeded solid empirical work in this area, as pointed out by Berliner et at. (2015, 129) «While labor inspectorates with greater numbers of inspectors, resources, and reformed or innovative strategies are important for studying the relationships between state capacity and labor rights, no systematically collected data covering a large number of countries over a sufficient time currently exists that could measure such "labor-specific forms of state capacity. Since no adequate data are available to capture the capacity of labor inspectorates, in this paper, we focus on examining the circumstances under which changes in broad, national-level measures of administrative state capacity might be associated with changes in collective labor rights».

Gothenburg and International Country Risk Guide (ICRG) measures of bureaucratic quality. We include several covariates to reduce omitted variable bias. Moreover, to confront endogeneity concerns, we compute Two-Stages Least Squares estimates (2SLS), using wars and legal origin as instrumental variables. Finally, in the next section, we present ethnographic evidence collected in Argentina to understand better the mechanisms linking bureaucratic autonomy and law enforcement.

Equation (1) provides a simple version of the model we estimate:

$$\textit{Labor Enforcement} = \beta \; \textit{Weberian Civil Service}_i + \textbf{\textit{X}}_i + \mu_i \tag{1}$$

Where *Labor Enforcement* is a place-holder for measures of labor inspections and fines in country *i*, *Weberian Civil Service* captures the quality of the bureaucracy as computed by either QoG or ICRG, $\textbf{\textit{X}}$ is a vector of controls, and β is the coefficient of interest.

We take the dependent variable from Kanbur and Ronconi (2018). More specifically, we use the *Labor Enforcement* index, defined as the average of the normalized variables of penalties and the number of labor inspectors. The number of labor inspectors (over the labor force) generally refers to the period 2010–2012, and the information on penalties combines financial fines and imprisonment in case of violating the minimum wage and refers to 2011. These authors constructed these measures from national legislation, government websites, ILO reports, US Department of State Country Reports on Human Rights Practices, US Department of Labor Findings on the Worst Forms of Child Labor, and ILO Working Conditions Laws Database. The variable covers 180 countries.

We use two sources of information for the primary explanatory variable. First, *Professional Public Administration* is an index computed by QoG that measures to what extent the public administration is professional and autonomous rather than politicized. Higher values indicate a

more professionalized public administration (Dahlström et al. 2015).[2] The information is obtained from a survey among experts on public administration worldwide. The survey was conducted in 2014 and covers 115 countries.

Second, *Bureaucracy Quality* is a variable computed by ICRG based on experts' assessments. Higher points are given to countries where the bureaucracy has the strength and expertise to minimize policy revisions when governments change. In these low-risk countries, the bureaucracy is somewhat autonomous from political pressure and has an established mechanism for recruitment and training. Countries that lack the cushioning effect of a strong bureaucracy receive low points because a change in government tends to be traumatic in terms of policy formulation and day-to-day administrative functions (PRS Group, 2022). The data we use refers to 2011 and covers 140 countries.

Both measures follow Centeno's et al. (2017: 6) definition of state capacity: "If capacity has any meaning in and of itself then it is something that a state should possess independent of its outcomes. For this reason, we focus on state capacity as the quality of its bureaucracy".

The set of covariates *X* is not obvious, partly because there is little research on the determinants of labor enforcement. We include variables that affect the nature of labor inspectors' tasks, such as the country's *Urbanization Rate, Population,* and *Land Area* (squared km). We also control for *GDP per capita* (PPP at constant international $) to reduce omitted variable bias, although it is unclear whether income per capita directly affects enforcement. All four variables refer to 2011 and are obtained from the World Development Indicators.

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[2] The index is constructed by taking the mean of the following four questions: "Thinking about the country you have chosen, how often would you say the following occurs today?" (1) "When recruiting public sector employees, the skills and merits of the applicants decide who gets the job." Options are "Hardly ever (1) to Almost always (7)". (2) "When recruiting public sector employees, the political connections of the applicants decide who gets the job." (3) "The top political leadership hires and fires senior public officials." (4) "Senior public officials are recruited from within the ranks of the public sector." The scales of the second and third questions are reversed so that higher values indicate more professionalism and autonomy.

4. Results

Figures 1 and 2 below provide illustrative evidence of a positive cross-country correlation between the quality of the bureaucracy and labor enforcement.
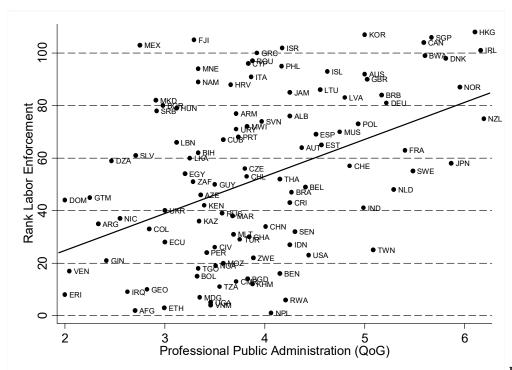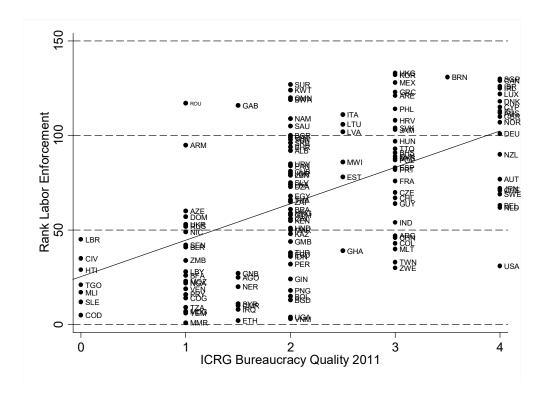
Figure 1

Figure 2

Countries such as the Democratic Republic of Congo, Eritrea, and Venezuela have low-quality bureaucracies and produce little labor enforcement; while countries such as Singapore, Canada, and Denmark are precisely in the opposite situation. These correlations do not imply causality since other factors could influence both variables. Two candidates that could produce biases in opposite directions are GDP per capita and law-abidingness. First, in countries with higher GDP per capita, voters could demand a more professional and autonomous civil service, and at the same time, the state could have more resources to enforce labor laws. Second, in countries with a law-abiding culture, voters are more likely to demand a professional and autonomous civil service. However, at the same time, there could be less need to devote resources to deter citizens from violating the law. We attempt to confront these challenges when estimating equation (1) by including controls and exploiting exogeneity produced by the instrumental variables.

Table 1 presents the main results using the *Professional Public Administration* index (QoG) as the main explanatory variable. The dependent variable in columns 1 to 3 is the *Labor Enforcement* index, and in columns 4 to 6, it is a ranking based on the index. We implement the

rank transformation since it can cope with nonlinear distributions (Conover and Iman 1981).[3]

In columns 1 and 4, we do not include any control; in columns 2 and 5, we include *Urbanization Rate, Population,* and *Land Area*; in columns 3 and 6, we add *GDP per capita*. All models are estimated by OLS with robust standard errors.

Table 1 – Effects of Weberian Civil Service (QoG) on Labor Enforcement, OLS

Variables	DV is Labor Enforcement			DV is Rank Labor Enforcement		
	(1)	(2)	(3)	(4)	(5)	(6)
Professional Public Administration	0.029***	0.024***	0.021*	14.3***	11.0***	3.6
	(0.011)	(0.009)	(0.011)	(2.3)	(2.6)	(2.6)
Urbanization, Population, Land Area	No	Yes	Yes	No	Yes	Yes
Ln GDP per capita	No	No	Yes	No	No	Yes
N. Observations	108	108	108	108	108	108
R-squared	0.168	0.244	0.247	0.200	0.335	0.488

Notes: OLS cross-country regressions. Figures in parentheses indicate robust standard errors. *, ** and *** indicate significance at the 0.10, 0.05, and 0.01 levels, respectively.

In Table 2, we replicate the same models as above but using *Bureaucracy Quality* (ICRG) as the measure for Weberian civil service. An important advantage of this variable is that it covers a larger set of countries, improving the statistical power of the analysis (i.e., the number of observations increases from 108 to 133).

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[3] The values of the variable *Rank Labor Enforcement* are as follows: the country with the lowest level of enforcement receives the rank 1, the second lowest the rank 2, and so on. Ties are assigned the average rank.

Table 2 – Effects of Weberian Civil Service (ICRG) on Labor Enforcement, OLS

Variables	DV is Labor Enforcement			DV is Rank Labor Enforcement		
	(1)	(2)	(3)	(4)	(5)	(6)
Bureaucracy Quality	0.024***	0.017***	0.009*	20.0***	16.6***	6.1*
	(0.005)	(0.004)	(0.005)	(2.2)	(2.6)	(3.4)
Urbanization, Population, Land Area	No	Yes	Yes	No	Yes	Yes
Ln GDP per capita	No	No	Yes	No	No	Yes
N. Observations	133	133	133	133	133	133
R-squared	0.148	0.215	0.232	0.346	0.439	0.535

Notes: OLS cross-country regressions. Figures in parentheses indicate robust standard errors. *, ** and *** indicate significance at the 0.10, 0.05, and 0.01 levels, respectively.

Finally, in Appendix 1, we present the regression results for the four components of the QoG index using the complete set of controls. All the results in Tables 1, 2, and Appendix 1 have the expected positive sign and are usually statistically significant, although they are imprecise, particularly when controlling for GDP per capita. Overall, these correlations suggest that countries with a more professional and autonomous civil service have higher levels of labor enforcement.

To further test the robustness of the results and control for potential endogeneity, we compute 2SLS estimates using wars and legal origin as instrumental variables. The instruments we use are based on the work of historians and scholars in political economy. Charles Tilly's (1990) theory of state formation emphasizes the importance of war. Through war-making, the state could monopolize physical violence and extract resources, contributing to the formation of state

capacities. More recently, Besley and Persson (2009) developed a model and found suggestive evidence that fighting external wars is conducive to building state capacity. Following their work, we use data from the Correlates of War database to create a measure (i.e., *Incidence of External War*) of how large a share of the years between 1816, or the year of independence if later, and 1975 that a country was involved in an external military conflict. These variables are from Sarkees and Wayman (2010) and are also used in Besley and Persson (2009).[4]

Some political historians emphasize that in the English common law tradition, there was much emphasis on limiting the power of the sovereign compared to countries in continental Europe (Finer, 1997). This insight influenced the development of legal origin theory, which stresses a fundamental difference in the strategy of social control of business between common and civil law countries. "Common law [seeks a balance between private disorder and public abuse of power] by shoring up markets, civil law by restricting them or even replacing them with state commands" (La Porta et al., 2008: 307). This theory has also been used to explore variations in the quality of government (La Porta et al., 1999). As emphasized by Halligan (2013), the Westminster model comprises quite strong institutional constraints against the politicization of the bureaucracy. Therefore, we explore using *Common Law* (defined as an indicator equal to 1 if the country has a common law legal origin and 0 otherwise) as an additional instrumental variable.[5] We assume that both instrumental variables meet the exclusion restriction.

Table 3 presents the results. In columns (1) and (2), the DV is *Labor Enforcement*, and in columns (3) and (4), we use the rank transformation. In columns (1) and (3), the main explanatory variable is *Professional Public Administration* (QoG), and in columns (2) and (4), it is *Bureaucracy Quality* (ICRG). In all models, we instrument the main explanatory variable

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[4] A country is at war in year *t* if either (or both) of the binary variables *interstate-war* or *extra-state war* (which both refer to external conflicts) is equal to unity in year *t*. See http://www.correlatesofwar.org/
[5]Botero et al. (2004) used legal origin as an instrumental variable. Nee and Opper (2009) argue that legal origin affects the financial market development through the bureaucratic channel but does not exert a direct and independent effect.

with both instruments (i.e., *Incidence of War* and *Common Law*). All models also include the complete set of controls (*GDP per capita, Urbanization, Population,* and *Land Area*).

As expected, we find that the instruments positively correlate with the main explanatory variables. Countries with more external wars and a common law legal origin tend to have a more autonomous and professional civil service. The legal origin indicator is statistically significant in all cases, while the instrument measuring the prevalence of wars is significant in some specifications.[6]

Table 3 – Effects of Weberian Civil Service on Labor Enforcement, 2SLS

	DV is Labor Enforcement		DV is Rank Labor Enforcement	
	(1)	(2)	(3)	(4)
Professional Public Administration	0.059**	-	20.84**	-
	(0.025)	-	(9.32)	-
Bureaucracy Quality	-	0.047**	-	20.76**
	-	(0.020)	-	(8.40)
Full set of controls	Yes	Yes	Yes	Yes
CLR test p-value	0.005	0.007	0.009	0.003
No. Observations	106	131	106	131
First-stage Regression				
Common Law	0.603***	0.539***	0.603***	0.539***
	(0.169)	(0.154)	(0.169)	(0.154)

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[6] Table 3 presents the p-values of the Hansen J statistic test of overidentifying restrictions, wherein the joint null hypothesis is that the instruments are valid (Hayashi, 2000). In all cases, the p-value is well above 0.10.

Incidence of War	0.497	1.033***	0.497	1.033***
	(0.489)	(0.392)	(0.489)	(0.392)
F-statistic	6.68	9.06	6.68	9.06
Hansen J-statistic p-value	0.90	0.76	0.39	0.22

The estimates of the effects of a Weberian civil service on labor enforcement –obtained after exploiting the exogenous variation in the main explanatory variables produced by the instrumental variables– are all positive and statistically significant. They are also larger in magnitude compared to the OLS estimates in tables 1 and 2, suggesting that omitted variable was biasing the results downward.

Table 3 indicates that the instruments are weak since the first-stage F-statistic is below 10. Therefore, to test the robustness of the results to weak instruments, we compute the minimum distance version of the conditional likelihood ratio (CLR) test using the *rivtest* command in STATA (Finlay and Magnusson, 2009). In all four models, we reject the null hypothesis that the main coefficient of interest is equal to 0.

5. Ethnographic Evidence

The econometric evidence presented above has strengths but also limitations. A critical shortcoming is the lack of information about the actors capturing the bureaucracy (e.g., business people, elected politicians, labor unions, etc.) and their motivation. Such a lack of information makes us speculate about the mechanisms explaining the positive correlation between a Weberian bureaucracy and enforcement.

Therefore, we complement the cross-country estimates with qualitative data from a relevant case study. We draw on extant ethnographic evidence and more than a hundred in-depth interviews with key actors in La Salada, South America's largest marketplace for fraudulently labeled clothing produced without complying with workers' rights. This fine-grained ethnographic evidence allows for a better understanding of the mechanisms linking the (lack of) bureaucratic autonomy with the (lack of) law enforcement, at least in this iconic example of unlawful behavior.
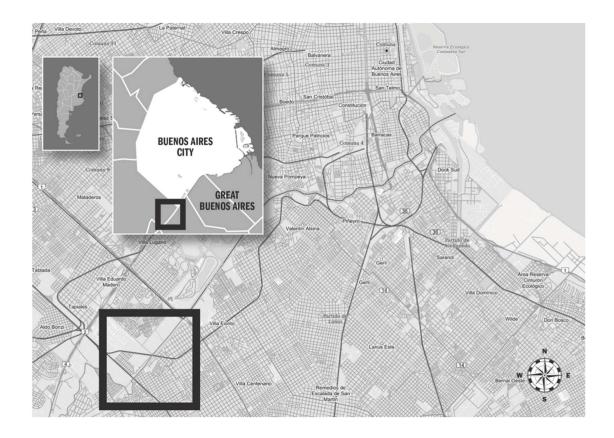
Politicized Labor Enforcement in Argentina

Argentina is a federal country wherein the power to enforce labor and social security regulations is distributed between different jurisdictions. At the national level, the Ministry of Labor enforces the registration of workers in the social security system and, in collaboration with the tax agency, enforces the payment of payroll taxes. At the provincial level (Argentina is organized into 23 provinces and the City of Buenos Aires), local governments are responsible for enforcing labor conditions. In the case of La Salada, and because of its location, the provincial government of Buenos Aires has the power and responsibility to enforce employment law. The provincial government enforces via two agencies, one enforcing safety and health and the other covering employment standards (minimum wage, paid vacations, etc.). The policymakers who control all these agencies are political appointees who usually have no technical expertise on labor standards. They respond to elected officials in the executive power and, in many cases, are formally hired as self-employees, implying that their contracts can be easily terminated, reducing, even more, their scope for autonomy. The individuals who control labor enforcement are not career civil servants, even though, according to the Argentine public administration law, they should be hired via meritocratic recruitment and have job stability (Chudnovsky 2017). Previous studies also conclude that labor enforcement is politicized in Argentina (Amengual 2016).

La Salada: suspending the enforcement of law violations.

Located one kilometer from the capital, La Salada is a 20-hectare marketplace for low-cost, sweatshop-made garments. Feeding a long-distance informal trade circuit, this marketplace acts as a meeting point between informal entrepreneurs who sell garments wholesale and traders who travel to Buenos Aires to resell garments in the interior. With its 8,000 stalls, La Salada provides essential clothing to a large part of the country and stimulates an economic sector far exceeding its formal counterpart. Approximately 200,000 people work in the economy centered around La Salada, either in the production sector or distribution centers. None are correctly registered, implying they are excluded from access to contributory social security, including health insurance.[7] This economic sector is virtually disconnected from formal processes from production to final consumption. Contrary to the classic representation of informality in the garment sector, according to which garments produced in sweatshops are then marketed in legally constituted stores (e.g., Zara, H&M, etc.), in the La Salada economy, production, distribution, and consumption occur outside of state regulations. In other words, the sweatshops that supply La Salada are not part of a transnational supply chain. It is a purely local phenomenon (Dewey 2018a).

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[7] The number of workers employed in the formal production of clothes is estimated at around 150,000.

MAP 1. Location of La Salada marketplace, Ingeniero Budge, Buenos Aires. Design by Valeria Kriletich, based on an open-source map from the Instituto Geográfico Nacional de Argentina; courtesy of the Max Planck Institute for the Study of Societies.

Through successive stages of ethnographic fieldwork and interviews with marketplace, state, and government actors, it was possible to identify two motivations for the lack of enforcement of many regulations both within and outside the marketplace: political campaign financing and corruption, and the maintenance of social order.

Political campaign financing and corruption

The first fundamental motivation for suspending labor inspections in the marketplace is the possibility of taking advantage of the impressive turnover on each marketplace day. According to three interviewees who do not know each other, the money collected is crucial to support political campaigns financially. An experienced local politician, son of an ex-major of Lomas de Zamora (the municipality where La Salada is located), and well-known politician in the

Conurbano bonaerense, recalled occasions in which he received money from the "managers" of La Salada marketplace to finance the political campaign of his father. Another senior politician, who was a high-ranking broker in one of La Salada's shed markets and currently the advisor to the mayor of the marketplace's local municipality, explained how the La Salada marketplace contributed to the social program introduced by the government in 2013 called "Ropa para Todos." In short, an official, government-run social program provided the population with clothing manufactured in sweatshops (Dewey 2018b). The provision of informally produced clothing in the context of a welfare program was also confirmed by a CEO in the textile industry with ties to an important foundation that promotes the interests of this textile and garment sector within Argentina. Finally, a former chief commander of the Argentine National Gendarmerie interviewed explained in detail how this federal force collects money for political campaign purposes and private pockets. Members of this national security force stop long-distance buses returning to the provinces with large quantities of garments. Gendarmerie members extort garment resellers as they ask for money to let the vehicle pass, knowing that these are goods not only manufactured in sweatshops but also sold evading taxes.

Maintenance of social order

Maintaining social order is the second crucial motivation for suspending labor and other inspections. By this, we mean the avoidance of protests, the creation of informal jobs, and the access to low-cost pieces of garment, all important (short-run) benefits of the La Salada economy given the population's generalized unemployment and decreasing purchasing power. The interviews conducted during the fieldwork trips show that those who sell garments in La Salada marketplace are either people who have lost their formal jobs or people with low skills who are unlikely to have access to the formal labor market. In addition, the economy fed by the marketplace plays an essential role in providing low-cost garments to an ever-growing segment of the population that is seeing its purchasing power diminish. This situation comes as no

surprise to well-trained politicians. Political interest in this economy was expressed by an advisor to Guillermo Moreno, Argentina's former commerce minister, who told in an interview: "As Moreno says, without La Salada, many workers will lose their jobs and our people would have no place to buy their clothes." Finally, one of the clearest signs of political interest in this economy can be traced to early 2012, when Argentine president Cristina Fernandez de Kirchner paid an official visit to the Republic of Angola to promote trade relations between the two countries and one of La Salada's "managers" was among the entourage of businessmen accompanying the president (Dewey 2018a).[8]

We asked Argentine policymakers from the center-left government (Frente de Todos) and the center-right government (Cambiemos) why they disregard labor law violations in the economy of La Salada if public enforcement would improve the working conditions of exploited workers. An advisor to the head of the labor inspection agency told us, "Whether enforcing labor regulations will eventually lead to more decent jobs remains to be seen, and, if it were to be true, it would take too much time."

6. Conclusion

More than half of employees in the developing world do not receive the labor benefits to which they are legally entitled (ILO, 2018). An obvious policy level to achieve compliance is enforcement, yet we—social scientists—still know very little about its determinants.

This paper contributes to the labor enforcement literature both conceptually and empirically. Conceptually, we contribute to the literature on state-society approaches to labor enforcement by stressing the importance of a Weberian bureaucracy (a professional and autonomous civil

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[8] The episode received much attention in the media. A plausible consequence of the president's support was confusion among labor inspectors about the legality and morality of non-compliance with labor standards in La Salada. See Perelmiter (2022) for a discussion.

service) to achieve labor enforcement. Amengual (2016) argues that informal linkages between state officials and labor unions allow officials to gain the political support necessary for enforcement. Other authors (Short et al. 2020; Bartley 2005) claim that private enforcement can be an important solution to enforce workers' rights. While we do not deny the importance of civil society and the private sector in producing enforcement, we argue that it has important limits. For example, in Argentina, the lobby of labor unions makes labor inspectors mostly visit formal firms (where labor union members work), leaving the most vulnerable workers— employed in informal firms—out of the inspection agency protection. Similarly, growing evidence shows significant problems with Corporate Social Responsibility concerning labor standards (LeBaron et al., 2022; Judd and Kuruvilla, 2020).

Empirically, we provide econometric evidence for more than one hundred countries using a novel dataset containing objective enforcement measures, including inspection resources and fines. Moreover, we complement the quantitative analysis with ethnographic work conducted in the La Salada marketplace, one of Argentina's primary sources of informal employment. Importantly, this case study reveals an important mechanism explaining the econometric estimates: When elected politicians control the labor inspectorate, they have the incentive to turn a blind eye to violations of labor and social security regulations.

In line with a similar concern found in the literature on neopatrimonialism, especially those works concerned with rulers' short-term time horizons and related effects such as lack of investment and public goods creation (von Soest 2021; van de Walle 2001; Hibou 2004; Bayart et al. 1999), this article focused on the case of labor regulation because of the substantial social and political short-term costs of enforcement. Because the social benefits of labor enforcement take more time to materialize than the social costs, if elected officials (usually have a short-run horizon) have too much control over the labor inspectorate, the level of labor enforcement would be less than optimal. However, the general logic of the argument can be extended to

those other regulatory domains that significantly affect long-term political calculations by imposing significant short-term costs. Taken as a specific outcome derived from bureaucratic functioning, state enforcement in the realm of safety standards, environmental regulations, or health could also be investigated may impose substantial short-term costs to governments.

This article suggests the importance of studying enforcement as an outcome of bureaucratic functioning. In this regard, future studies could further explore the government's rationale for enforcement mechanisms. Given the difficulty of collecting evidence on the government's decision-making motives behind specific outcomes, this could be attempted through qualitative approaches such as ethnographic fieldwork or in-depth interviews.

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Appendix 1 – Estimates of components of QoG on Labor Enforcement, OLS

Variable	(1)	(2)	(3)	(4)
Components of *Professional Public Administration* (QoG)	0.015**	0.016*	0.009	0.019**
	(0.007)	(0.008)	(0.009)	(0.009)
Urbanization, Population, Land Area, GDP per capita	Yes	Yes	Yes	Yes
N. Observations	108	108	108	108
R-squared	0.232	0.235	0.207	0.244

Notes: OLS cross-country regressions. The dependent variable is always the *Labor Enforcement* index. All models include the full set of controls. Figures in parentheses indicate robust standard errors. The main explanatory variable changes in each model. In column (1) is "When recruiting public sector employees, the skills and merits of the applicants decide who gets the job." In column (2), the DV is "When recruiting public sector employees, the political connections of the applicants decide who gets the job." In column (3) is "The top political leadership hires and fires senior public officials;" and in (4) is "Senior public officials are recruited from within the ranks of the public sector." The scales of the second and third questions are reversed so that higher values indicate more professionalism and autonomy. *, ** and *** indicate significance at the 0.10, 0.05, and 0.01 levels, respectively.