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# AGENCY PROBLEMS AND THE POLITICS OF ADMINISTRATIVE REORGANIZATION

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## ABSTRACT

While scholars have long argued that political uncertainty leads governments to enact organizational structures that insulate agencies from future control by opposing groups, they have paid less attention to what governments can do to cleanse agencies from past insulation efforts. In this paper, I argue that governments often reorganize their bureaucracies precisely to ameliorate the agency problems that past governments have imposed upon them. To illustrate the principal lines of argument, I trace the lifecycles of all agencies in the Swedish executive administration between 1960 and 2014 and show that they suffer considerably greater risk of termination when an ideological opponent of the government is responsible for appointing their heads. Because all agency heads serve on fixed-terms in the Swedish case, all incoming governments are bound to inherit the appointees of their predecessors. However, only in some situations are they bound to inherit the appointees of opposing groups—namely, following partisan shifts in government. I conclude that structural insulation can both deter and encourage political interventions in bureaucratic operations.

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## Introduction

A central tension in contemporary theories of structural choice concerns the potential conflict between the value of constraining bureaucratic opportunism, on the one hand, and political opportunism, on the other. Political leaders can protect their policies from unsympathetic bureaucrats by devising rules and procedures that burden agencies to reveal information, open their internal processes, and suffer external intervention. Yet, by creating new opportunities for agenda control and oversight at the implementation stage, they also make their own policies increasingly susceptible to political manipulation. To counteract the influence of unsympathetic political competitors, political leaders can devise rules and procedures that allow agencies to hide information, close their internal processes, and avoid external intervention. Yet, by insulating agencies from political pressures, they also exacerbate the risk of shirking and slippage at the implementation stage. Because the way in which this tension is resolved determines both which actors can lay legitimate claim to agency agendas and the range of permissible policies available to them, much of the existing literature on bureaucratic delegation has focused on explaining why political leaders structure their agency relations in the way they do (e.g. Epstein and O'Halloran 1999; Gailmard and Patty 2012; Huber and Shipan 2002).

In many contexts, particularly mature democracies, political leaders do not have the luxury of choosing the exact set of structures to govern their bureaucratic interactions. By the time a new government forms, an overtowering bureaucracy may already have been enacted and central aspects of agency agenda control and oversight long since decided and put into operation. They may face rules and procedures deliberately designed to limit their own influence over bureaucratic contract designs, screening and selection mechanisms, and monitoring and sanctions. They may inherit agencies with missions that they do not support, hostile personnel who they cannot fire, and policy slates that they have no right to undo. To make matters worse, many of these arrangements may

also carry sizeable supporting constituencies with major stakes in their continued maintenance. The primary problem for political leaders in such contexts is not how to strike an optimal balance between bureaucratic and political opportunism, because that particular choice has already been made by the political leaders who came before them. Instead, the problem is how to establish control over the policy-process using the limited instruments that they actually have at their disposal.

In this paper, I explore one possible way in which incoming political leaders may ameliorate the agency problems that previous generations of political leaders have imposed upon them, namely structural reorganization. A central feature of the analysis is to distinguish between the composition and decisions of agency personnel and the formal structures that grant them the authority and responsibility to act, while recognizing that either element can have a substantively important impact on the other. A government may sometimes be able to turn a hostile agency by rewriting the rules that govern the agency's policy domain ("structural reorganization"). Alternatively, they may be able to capture the agency by replacing its personnel or reviewing their decisions ("personnel management"). Because of the influence of past governments, however, they may also face various obstacles along each path—such as collective action problems or procedural checks and balances. When incoming political leaders decide whether to intervene in bureaucratic operations or preserve the status quo, they take such obstacles into account from the outset.

Specifically, I argue that, from the perspective of opportunistic political leaders, structural reorganization can be viewed as a substitute for personnel management in the reproduction of a politically responsive bureaucracy. The willingness of political leaders to invest in reorganizing their bureaucracies depends upon whether they can count on individual bureaucrats to affirm their interests, which in turn also makes their strategic preferences with regards to structural interventions depend upon their ability to manage agency personnel (and vice versa). In situations where political leaders can manipulate the composition and decisions of agency personnel more easily than they can ma-

nipulate the rules that assign bureaucratic authority and responsibility, for example, they should prefer personnel management to structural interventions. Conversely, in situations where political leaders can manipulate the rules that assign bureaucratic authority and responsibility more easily than they can manipulate the composition and decisions of agency personnel, they should prefer structural interventions to personnel management. By disentangling individual bureaucrats from the structures in which they are embedded, we can improve our understanding of when and how political leaders will decide to reform the bureaucracies they inherit.

To illustrate the principal lines of argument, I trace the lifecycles of all administrative agencies enacted in the Swedish central bureaucracy between 1960 and 2014. Sweden's constitutional combination of a Westminster-styled parliamentary democracy and civil service regime enables a novel examination of how political leaders can move between different instruments as the relative costs and benefits changes. In a comparative perspective the US federal bureaucracy is highly politicized, with new presidents having both thousands of central agency positions to appoint upon entering office and ample opportunities to instruct agency decision-making (e.g. Kriner and Reeves 2015; Lewis 2008). By contrast, although the structure of the Swedish government grants the winning legislative coalition a virtual monopoly over the legislative process, they also operate in a bureaucratic environment that, on paper, severely restricts their ability to manage agency personnel. As in most other West European bureaucracies, Swedish governments only appoint the positions at the very top of an agency's hierarchy, such as heads and management boards, while subordinate positions are typically staffed by the agencies themselves on objective measures of merit and with lifetime tenure. In addition, however, Swedish governments also face two further complications:

- *first*, all agency leaders serve on fixed-terms, which insulates the most important bureaucratic decision-making positions from arbitrary dismissal; and

- *second*, all agencies are also formally independent in the sense that no one but the agency itself is allowed to dictate how the agency should rule in specific cases or implement the law, which further insulates the most important bureaucratic decision-making positions from arbitrary review.

As a consequence of these formal frameworks, incoming governments will often find themselves in the position of trying to control a cadre of agency leaders who serve on the behalf of past governments, enjoy substantial policy discretion, and cannot be straightforwardly removed from office—not unlike the “appointments dilemma” faced by US Congress (McCarty 2004). In some cases, this may nonetheless prove relatively unproblematic, either because there simply is no conflict of interest between the agency appointer and government incumbent or due to convenient contractual expiration dates allowing for new appointments to be made. In other cases, however, Swedish governments may well face the unenviable prospect of steering ideologically hostile agency leaders throughout their entire electoral term (e.g. Levin 1983; Pierre 1995). In the absence of substantial appointment and review powers—which have been contracted away as part of the civil service regime—they will instead have to rely on their residual rights over the bureaucracy’s structure and process to influence agency policy-making. These rights just so happen to include the right to unilaterally de-authorize old agencies, enact new ones, and redistribute delegated powers and resources. Could it be that Swedish governments are especially likely to abolish precisely those agencies whose leaders have been appointed by their political opponents, thereby rendering the appointments dilemma null and void?

Using hazard models, I show that the likelihood of structural manipulation depends upon the ideological relations between leading politicians and bureaucrats. Specifically, administrative agencies suffer considerably greater risk of termination when an ideological opponent of the government is responsible for appointing their heads. Though the civil service regulations do ensure that Swedish

agency leaders cannot be outright fired or have their decisions vetoed for arbitrary reasons, they do not ensure that they will keep their authority and responsibility. On the contrary, the civil service regime can itself be understood as constituting a powerful incentive for Swedish governments to regularly recycle the structural foundation of the bureaucracy; in the shadow of electoral accountability, the political value of controlling an agency's agenda-setting positions increases along with the costs of establishing control over the individuals that occupy those positions. Because of the high costs of establishing control over the individuals that occupy those positions. Because of the high costs of ex-post personnel management, the political groups responsible for appointing a given agency leader will generally invest substantial amounts of time, effort and resources in order to assure that the appointee is responsive to their interests ex-ante—which, in turn, only provides opposing groups with further incentive to intervene in the agency's operations after the fact. In this context, the decision of whether to abolish an agency is simply an extension of the same generic political calculus that determines the decision of whether to grant an agency more or less discretion (e.g. Epstein and O'Halloran 1999; Huber and Shipan 2002). As in any other polity modelled after parliamentary supremacy, the government is the principal, the agency the agent, and the former decides what the latter is allowed to do, not the other way around.

The remainder of the paper proceeds as follows. I first briefly review the extant literature on agency personnel management and structural choice and then explain how the two are related in more detail. Next, I turn to a discussion about the data, inferential leverage of the Swedish case, and methods. I then present the results and, finally, conclude by considering the implications of the findings for theories of delegation and administrative design.

## **Delegation, Personnel Management, and Structural Choice**

We draw on a number of contiguous developments in the study of bureaucratic delegation to analyze how changes in the ideological relations between leading politicians and bureaucrats can affect the incentives of political leaders to reform their bureaucracies. While an older generation of schol-

ars viewed delegation to the bureaucracy as fraught with peril and akin to abdication (e.g. Downs 1967; Lowi 1979), more recent research has inspired less pessimistic conclusions regarding the ability of political leaders to steer agency decision-making towards the objectives they desire. These developments emphasize that, although hidden information and hidden action will always provide some room for agency shirking and slippage, politicians can also compensate for their informational disadvantage by strategically manipulating an agency's decision-making environment.

The first group of studies focuses on how political leaders can use personnel management to realize their goals (e.g. Berry and Gersen 2016; Bertelli and Feldmann 2007; Hecl 1977; Kriner and Reeves 2015; Wood and Waterman 1991). Moe (1985), for example, argues that, by appointing bureaucrats with common interests to key decision-making positions, Presidents can stack the deck in their own favor before any bureaucratic decisions are actually made. Similarly, Lewis (2008) argues that, precisely because Presidents often ground their appointment strategies in ideological commitments, new Presidents are also particularly inclined to displace the appointees of their ideological opponents. Though bureaucrats often do strike out on their own, their motivations can also often be traced to the political coalitions who granted them the opportunity to do so in the first place.

The second group of studies focuses on how political leaders can use bureaucratic structures to realize their goals (e.g. Epstein and O'Halloran 1999; Huber and Shipan 2002; Lewis 2003; McDonald 2010; Moe 1989). McCubbins, Noll and Weingast (1987), for example, argue that, by formally requiring an agency to both assemble and disseminate politically relevant information and enfranchise politically favored constituencies, legislators can stack the deck in their own favor before any bureaucratic decisions are actually made. Similarly, Berry, Burden and Howell (2010) argue that, precisely because legislators are prone to ground their legislative bargains in ideological commitments, new majorities are also particularly inclined to displace the regulations of their ideological opponents. Though public bureaucracies can be structured in a variety of ways, the actual distribution of authority and responsibility also often reflects the partisan interests of the political coalitions responsible for their enactment.

The third group of studies focuses on how political leaders decide between different means of influence (e.g. Bawn 1997; Bendor and Meirowitz 2004; Calvert, McCubbins and Weingast 1989; Gailmard 2009; Huber and McCarty 2004). McCubbins and Schwartz (1984), for example, argue



that, while legislators can in principle learn about the consequences of an agency's operations both by sending out "police patrols" and by listening to third-party "fire alarms", the relative costs and benefits associated with each type of oversight typically make them favor the latter over the former. Similarly, Huber, Shipan, and Pfahler (2001) argue that, when legislators decide how much time, effort and resources to invest in drafting statutes, they take into account how likely the policy-process is to resolve in their own favor independently of statutory detail. Because political leaders can achieve their goals through a variety of means, their incentive to actually use a given instrument depends not only on the costs and benefits associated with the instrument itself, but also on the range of available alternatives.

Building on these earlier works, the basic contention of this paper is that structural reorganization and personnel management simply represent two alternative paths that political leaders can take to assure that agencies produce policy outcomes that they deem satisfactory. When a new government enters office, they must choose whether to intervene in the bureaucracy's operations or preserve the status quo. If they do decide to intervene, they must also choose whether to manipulate bureaucratic decision-making directly through appointment powers and policy review ("personnel management") or indirectly through the distribution of authority and responsibility ("structural reorganization"). Because both paths lead to the same benefits ("political responsiveness"), the relative attractiveness of each strategy depends on the transaction costs associated with the other, such that structural reorganization will substitute for personnel management when the former is less costly than the latter and vice versa. In essence, in order for political leaders to determine the worth of an administrative reform relative to sticking with the status quo, they must determine not only whether they could make themselves better off with some alternative arrangement, but also what sort of intervention would net them the greatest benefits. The next section expands on the costs and benefits of structural reorganization in relation to more conventional personnel management powers.

## **Structural Reorganization as Personnel Management**

As with any other facet of policy-making, the most important aspect of bureaucratic delegation is that it occurs in the context of what already exists. In the US, for example, each new Congressional session begins with hundreds of agencies (Lewis 2002), thousands of discretionary programs (Berry, Burden and Howell 2010), and millions of federal employees (Johnson and Libecap 1994) already on the books, and with many of the operative decision-making procedures deliberately devised to

shield those provisions from undue manipulation (McCubbins, Noll and Weingast 1989; Moe 1989). Because the bureaucratic status quo defines the baseline against which governments will compare other potential outcomes, the policy preferences it promotes sets the stage for what sort of reforms will ultimately be on the table. If the bureaucracy is already promoting policies that advance the government's agenda, for example, there may be little room for improvement; if the bureaucracy is promoting policies that harm the government's agenda, on the other hand, there may be a lot of room for improvement. When political leaders decide whether and how to delegate, they do so with reference to the myriad of administrative arrangements that previous generations of political leaders have left them.

Structural reorganization is one possible strategy for political leaders to improve on the status quo. If a government were ever to find themselves systematically disadvantaged by the current crop of agencies, then they will likely be on the lookout for a way to increase their own welfare. Structural interventions are useful in this context because they can change the future course of bureaucratic decision-making in at least three distinct ways, namely by shifting:

1. the allocation of agency agenda-setting powers;
2. the range of permissible policy choices available to agencies; and
3. the selection strategies of agency personnel.

The first and most straightforward way in which a structural intervention can affect agency decision-making is by determining who has the right to decide what. Political leaders authorize the programs and appropriations that enable bureaucrats to make policy in the first place. The ability to override past allocations of bureaucratic authority and responsibility is not strictly speaking a veto power, but nonetheless carries similar properties (e.g. Calvert, McCubbins and Weingast 1989). Agencies and positions that do not serve political interests can have their powers and resources restricted, while those that do serve political interests can have their powers and resources extended. Analogously to how personnel management rights can enable political leaders to remove unre-

sponsive personnel from the functions that they care about, structural interventions can enable them to remove the functions that they care about from unresponsive personnel<sup>1</sup>.

Second, in addition to shifting the allocation of agency agenda-setting powers, structural interventions can also serve as a useful reminder of what Weingast (1984) termed “the big club behind the door.” Political decisions about the distribution of authority and responsibility can affect bureaucratic career prospects and policy initiatives by, for example, adding and removing agency positions, increasing and decreasing the scope of an agency’s powers and resources, or creating new agencies and abolishing old ones. If bureaucrats know that their future successes depend at least in part upon their ability to deliver policy benefits to their political principals, then the possibility of ex post sanctions can provide ex ante incentives to deliver such benefits<sup>2</sup>.

Third and finally, because the distribution of authority and responsibility can affect the political value of a given administrative position, reorganization plans that alter agency missions, generate parallel processes, or offer opportunities for promotion can also affect the selection strategies of agency personnel. Gailmard and Patty (2007, 2012), for example, argue that the ability to influence policy outcomes is one important reason for why people enter public service and invest in expertise. If an agency was then to have its powers and resources opportunistically compromised by the parties in power, the bureaucrats who work there may no longer find it worthwhile to do so<sup>3</sup>.

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<sup>1</sup> Political leaders can of course also use their control over bureaucratic structures to improve their own personnel management opportunities. When President Eisenhower authorized the Schedule C category of appointments, for example, he effectively granted himself the authority to appoint over one thousand new individuals to central agency positions (Lewis 2008). When considered in sequence, structural reorganization and personnel management may accordingly sometimes be better understood as complements than as substitutes (i.e. they may empower rather than replace each other).

<sup>2</sup> The crucial feature of the structural club is of course that, as long as bureaucrats act in rational anticipation of its deployment, political leaders will have no reason to deploy it. The member states of the European Union, for example, rarely override the Court of Justice; however, the court’s judges also strategically adjust their integration efforts in response to the policy signals that they receive from the state governments, making actual legislative overrides largely redundant (Larsson and Naurin 2016).

<sup>3</sup> One of the most notorious examples of how this can work in practice is the “Malek Manual”, which was circulated to officials in the Nixon administration with detailed advice on how to make tenure-protected civil servants voluntarily want to leave their jobs. These include frontal assaults where bureaucrats are told in private to leave their posts and with refusals being met with threats of adversely affecting future recommendations and personnel records, but also more subtle strategies such as transfers to new locations or activities that are known in advance to be unacceptable, assigning projects that require traveling when they are unable to do so, reorganizing agencies to shift responsibilities, creating parallel processes that marginalize their roles, or creating opportunities for promotion only to get them out of the way (Doherty, Lewis and Limbocker 2015).

In a hypothetical world where political leaders could do just as they please with an agency's personnel, much of what could be accomplished through structural interventions could of course also be more straightforwardly achieved through ordinary personnel management routines. The costs of reorganizing public bureaucracies—in terms of legislative bargaining, constituency relations, information processing, and so forth—are typically characterized as anything but trivial (e.g. Carpenter and Lewis 2004; Horn 1995; Stinchcombe 1965). If political leaders could determine the composition and decisions of agency personnel at-will, then instead of going through cumbersome rule-making processes in order to reorganize their bureaucracies, they could selectively target precisely those bureaucrats who are the source of their grievances. Because changing the administrative rules of the game typically requires substantial amounts of time, effort, and resources, when political leaders have more convenient means of influence at their disposal, their incentive to actually pursue such changes will be particularly low.

In the real world, however, political leaders cannot always do just as they please with an agency's personnel. In the first instance, the same sort of collective action problems that can retard reorganization plans can also present obstacles for effective personnel management, as in the case of Presidential nomination and Congressional confirmation of agency leaders (e.g. McCarty 2004). In addition to complications associated with everyday coalition governance, many public bureaucracies also come stacked with a variety of procedural checks and balances that can contribute towards further increasing the political costs of agency personnel management (e.g. Moe 1989; Selin 2015; Wood and Bohte 2004). Rules that demand specific characteristics of individual bureaucrats and place restrictions on when it is legitimate to remove them from office can constrain the ability of political leaders to appoint agency personnel, while rules that demand specific procedures for agency information processing and place restrictions on when it is legitimate to instruct agency decision-making their ability to review agency policy. In fact, in many civil service systems around the world, direct political interventions in the decisions or tenure of public personnel are illegal (Peters and Pierre 2004). If such rules were also to be backed by a credible third-party (e.g. a constitutional court) they may prove a formidable obstacle even in the absence of political collective action problems. Because manipulating the composition and decisions of agency personnel can also require substantial amounts of time, effort, and resources, before political leaders decide whether to intervene in an agency's operations, they must evaluate whether they can accomplish the same objec-

tives through more convenient means—for instance, by intervening in the rules that assign bureaucratic authority and responsibility.

While the notion that bureaucratic structures can serve political purposes has been a recurring theme in the literature on delegation and administrative design for decades, the extent to which such structures are themselves the subject of political contestation has not become fully appreciated until more recently. Even in the US case where we might generally expect the intricacies of separation-of-powers lawmaking to make structural interventions intrinsically difficult, agencies are both regularly reorganized and terminated (Berry, Burden and Howell 2010; Lewis 2002; Selin 2015). Moreover, a majority of federal agencies enacted in the post-war era have been established unilaterally by the President, which also enables new Presidents to avoid many of the collective action constraints on structural choice that would otherwise be imposed by Congress (Howell and Lewis 2002). In parliamentary systems, the general lack of opportunities for minority vetoes ensures that governments can typically both enact and subvert legislative programs in a more straightforward manner (Moe and Caldwell 1994). However, many West European governments have also managed to embed central civil service principles in constitutions and other forms of supermajoritarian laws, which can sometimes offer similar levels of protection from political opportunism as laws in the more complex American political system. And cases like the UK, where less than one-third of all the executive agencies enacted over the past three decades actually remain in operation (James et al 2015; also see Bertelli and Sinclair 2016), show that structural interventions can still be a recurring feature of parliamentary politics. Whatever the actual price of structural reorganization is, it is evidently one that political leaders often enough find well worth paying.

## **Data, Covariates and Methods**

To explore how political leaders can use structural reorganization to ameliorate the agency problems that past political leaders impose upon them empirically, I rely on a novel dataset with detailed information on all agency heads in the Swedish executive bureaucracy between 1960 and 2014, due to Dahlström et al (2016). By “agency head” I mean the highest-ranking official in a given public organization, such as bureau directors, commission chairs, county governors, superintendents, or vice-chancellors. By “executive bureaucracy” I mean all public organizations whose heads are appointed by the government, save for the courts. In the Swedish case, this includes organizations such as universities, county administrative boards, museums, government owned businesses, police

authorities, regional archives, regulatory commissions, and general public service agencies, and excludes a small number of organizations accountable only to the parliament<sup>4</sup>.

For the purposes of this paper, the Swedish case features a number of attractive qualities. Perhaps most importantly, Swedish politics is relatively simple in the sense that, despite sporting a multi-party system with proportional representation, there are two well-established ideological blocs sorting along a traditional left-right dimension. Historically, the main contenders for government formation have been the Social Democratic Party, which dominated Swedish politics for most of the post-war period, and a liberal-conservative multi-party coalition, which first emerged as proper alternative in the late 1970s (Bale and Bergman 2006; Bergman 2003). Moreover, the Westminster-styled parliamentary design grants the winning legislative coalition considerable discretion over structural choice in the bureaucracy, at the same time as the civil service regime prohibits them from intervening in the decisions and tenure of individual bureaucrats (Ahlbäck öberg and Wockelberg 2015; Pierre 1995). The sole exception to the constitutional ban on political personnel management comes in the form of fixed-term executive appointments, which provide the parties in power with periodic opportunities to lock-in ideological allies as agency heads over time and across elections. Because all incoming governments are bound to inherit the appointees of their predecessors, this setup enables an examination of how partisan shifts in government since the time of appointment affects the likelihood of structural manipulation, without having to worry too much about the sort of opportunistic and temporary coalition-building processes characteristic of many other European polities. Based on the theory, we should expect Swedish governments to be particularly inclined towards structural interventions when there is a conflict of interest between the agency appointer and the government incumbent; and conversely, that the structure of the bureaucracy should appear particularly robust when they have common interests.

As a case of structural choice, I examine a situation broadly analogous to when an individual employer might consider whether to fire an individual employee, namely the decision of a government to terminate an agency. When a government creates an agency, they are effectively contracting out the right to use the government's assets—of which the most important is the right to exercise pub-

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<sup>4</sup> The short list of parliamentary agencies includes the Swedish National Audit Office, the Parliamentary Ombudsman, the Central Bank of Sweden, and a number of smaller committee-like organizations dealing with matters such as party financing, remuneration for members of parliament, and electoral districts. These organizations are authorized by statute (the first three are embedded in the constitution) and appointed through parliamentary votes, while the organizations I study are authorized by executive order and appointed collectively by the cabinet ministers.

lic authority. When a government terminates an agency, they are simply revoking the terms of the contract along with the rights of use contained therein. The crucial difference, of course, is that when a government decides to “fire” an agency, they must often give up far more than a single employee—they will be at risk of losing all of the human assets that the agency happened to carry, such as reputations, constituency relations, and expertise. But a central point of this paper is precisely that, because structural reorganization can also bring new opportunities for gain, fame, and policy fortune, governments are willing to accept such costs on a sufficiently regular basis to make for a meaningful and systematic analysis. By revoking the powers of an agency wholesale, political leaders can displace the administrative arrangements made by their political opponents, reshuffle the distribution of public authority and resources, and thereby reorient the future course of the policy process.

## Data

The data was primarily compiled using *Sveriges statskalender*, which is a compendium of operative public organizations and employees published annually by the Swedish government since 1812. An agency is considered enacted when its operations are authorized by the government, formally referred to as an agency instruction (*myndighetsinstruktion*), and terminated when it has its authorization wholly revoked. The instruction typically focuses on the management form and overall tasks and obligations of an agency, but in some cases it can also specify in greater detail whether it should include any advisory boards, regional offices, standing committees, or other sections. Although such sub-units may sometimes act relatively independently, I uniformly treat them as part of the parent agency as long as they do not receive their own unique instruction. The Swedish Security Service, for example, was formally established as a section under the Swedish National Police Board in 1989, but since it did not receive its own instruction until 2002, it is not registered as a unique agency during the period 1989-2001. Similarly, the Swedish Enforcement Authority has regional offices in a number of major cities, but because those offices are all defined in the same instruction, they are treated as part of the same agency. This makes for a somewhat conservative measure of organizational change, as some “agencies” might be better understood as clusters of smaller organizations in practice. In total, the sample includes 8192 yearly interval observations of 1373 unique appointments, grouped within 456 agencies, and with 268 observed agency terminations. The median agency survival time is fifteen years, with the shortest duration lasting for one year and the long-

est for fifty-two years. The dataset ends after 2014, leaving forty-one per cent of the agencies right-censored (i.e. still in operation when observation ceased).

Figure 1 charts the total number of agency creations and terminations by calendar year, with the ideological affiliation of the government included for reference<sup>5</sup>. The negative count denotes agency terminations, while the positive count denotes agency creations. On average, Swedish governments have authorized new agencies at a fairly consistent pace during the observed period. The average number of observed creations in the first half of the period is nine per year while the average for the second half is eight per year, with a top count of twenty-one creations in 1977. By contrast, most of the agency terminations occur during the second half of the period. The average number of observed terminations in the first half of the period is four per year while the average for the second half is nine per year, with a top count of twenty-six observed terminations in 2008. The patterns clearly show that, although agencies are not terminated every day, Swedish governments do intervene in the composition of agencies with some regularity.

## Covariates

The main explanatory factor of interest is policy conflict between the government responsible for appointing a given agency and the government with the right to determine the agency's structure. To construct measures of policy conflict between the appointing and sitting governments, I first match each agency head to attributes of the political parties that were in power at the time of appointment; and then, for each subsequent year that an agency head remains in service, I examine how those attributes compare to the attributes of the parties in power during that year. Since there are a number of other factors that could make agency survival more precarious, I also construct three sets of covariates respectively intended to adjust for heterogeneity between the various appointees, agencies, and governments under consideration. I then use hazard models to estimate the effects of partisan shifts in government since the time of appointment on agency termination rates<sup>6</sup>.

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<sup>5</sup> The termination counts in figure 1 include agencies authorized before 1960. However, because I only have information on enactment dates for the agencies that were authorized during the observed period, the statistical models only include agencies authorized between 1960 and 2014.

<sup>6</sup> The range of covariates that could plausibly cause both partisan shifts in government since the time of appointment and an increase in agency termination rates is limited. However, since unmeasured risk factors can bias hazard models even if uncorrelated with the observed covariates (as is well known; see e.g. Lancaster 1979), it is important to also consider potentially influential non-confounders. I report more detailed descriptive statistics in the appendix.



I rely on two measures to account for changes in the government’s policy objectives. First, I construct a binary covariate indicating the political origins of an agency’s head. *Hostile appointer* denotes whether the appointing government has a different ideological affiliation than the sitting government, with the appointer and incumbent respectively being either a social democratic or liberal-conservative coalition. I assume (rather than demonstrate<sup>7</sup>) that when political leaders appoint agency heads, they do so strategically to advance their own agendas. Government turnover since the time of appointment increases policy conflict between agency and political incumbent because new partisan coalitions see the appointees of past partisan coalitions as representing interests opposed to their own. I expect that agencies will be more susceptible to termination when the appointing and sitting governments have conflicting interest than when they have common interests.

Figure 2 charts the proportion of agency heads appointed by an ideological opponent of the sitting government by calendar year. A value of zero corresponds to a situation where all agency heads are appointed by an ideological ally of the sitting government, while a value of one corresponds to a situation where they are all appointed by an ideological opponent of the sitting government. Each peak represents a partisan shift in government, where the fixed-term appointment system forces one bloc to inherit the appointees of the other bloc. The downward slopes that follow the peaks represent the parties in power somehow manipulating the composition of agency heads (e.g. by choosing not to re-hire them when their contracts expire), thereby gradually turning the proportion of “unfriendly” appointees in their own favor. In 1976, for example, the Social Democratic Party had the pleasure of governing a bureaucracy where every single agency head was appointed by the Social Democratic Party, resulting in a zero-share of unfriendly appointees. In 1977, about eighty per cent of those appointees were still in office, but now with a liberal-conservative coalition government as acting principal. Over the following six years, the right-wing bloc brought the proportion of left-wing appointees down to about twenty-five percent, at which point the Social Democratic Party returned to power<sup>8</sup>.

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<sup>7</sup> There exist no comprehensive studies of bureaucratic policy preferences in the Swedish case, but for substantive examples of politicization efforts by Swedish governments, see Dahlström and Niklasson (2012), Jacobsson, Pierre and Sundström (2015), and Rothstein (1996).

<sup>8</sup> A reasonable question to ask at this point is, if the fixed-terms are really so problematic for the parties in power, then why don’t they just remove them? The answer is that, while a government can in principle remove the fixed-terms from an agency with relative ease, once a given agency head is appointed, the employment contract falls under a whole range of much more general contract laws that regulate the entire public economy. Removing the fixed-terms from an agency will thus only make it easier to dismiss the next agency head—that is, the government’s *own* appointee—while

Second, as an alternative specification I also use data from the Comparative Manifestos Project (Volkens et al 2015) to construct a continuous measure of ideological conflict, *policy incongruence*, denoting the ideological distance between the appointing and sitting governments. For the hostile appointer covariate to be a valid indicator of ideological conflict, the parties in power must have relatively stable policy positions over time. Yet, the Social Democratic Party has had a number of well-known disputes between socialist and liberal factions over the years (Huber and Stephens 2001), and the largest party in the right-wing bloc, the conservative Moderate Party, has recently been keen to distance itself from earlier iterations (Lindbom 2008). If there is substantial over-time variance in policy preferences within the blocs, government turnover may make for a poor indicator of the actual level of conflict. There is no completely satisfactory solution to this problem in the absence of more direct preference measures (e.g. Clinton et al 2012), but the manifesto data does provide a useful complement to the binary covariate by allowing for governments with the same ideological affiliation to have different policy priorities, although with the caveat that manifestos may also be more indicative of issue salience than of true ideology. The covariate is based on the policy positions of the prime minister's party and captures the absolute distance between the left-right position of the appointing and sitting governments. Analogously to the hostile appointer covariate, I expect that agencies will become more susceptible to termination as the ideological distance between the appointing and sitting government increases.

To adjust for heterogeneity between agency heads, I include four binary covariates denoting their past accomplishments. *Private sector* denotes whether a head has CEO experience from the private sector, *public sector* whether a head has CEO experience from the public sector, *political sector* whether a head is affiliated with a political party, and *academic sector* whether a head has a Ph.D. I include measures of private, public, political, and academic experience to adjust for the possibility that outside recruits may be more inclined to voluntarily leave their posts in pursuit of alternative careers than heads recruited from inside the bureaucracy (Boyne et al 2011; James et al. 2014) and because previous studies have found that agencies managed by political appointees tend to perform worse than other agencies (Lewis 2007, 2008).

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the current agency head remains unaffected. Because the only political actors who can remove the fixed-terms are also the political actors who are the most likely to reap their future benefits (in terms of more durable appointments), there is a case to be made for the Swedish appointment system being self-enforcing.

To adjust for heterogeneity between agencies, I first include two binary covariates denoting whether an agency has regulatory functions (e.g. Greasley and Hanretty 2016). *Rule-making* denotes whether an agency has the right to regulate some area of human activity, while *oversight* denotes whether an agency has the right to police regulations. Additionally, to capture some of the potential variation in policy complexity and requirements for relationship-specific expertise (e.g. Epstein and O'Halloran 1999), I also include a binary covariate, *research*, denoting whether an agency is obligated to perform policy relevant research within their respective domains. Finally, to capture some of the potential variation in how salient an agency is to organized interests (e.g. Moe and Caldwell 1994), I also include a binary covariate, *management board*, denoting whether an agency includes a board with stakeholder representation.

To adjust for heterogeneity between governments, I first include a continuous covariate, *economic growth*, denoting the annual percent change in real gross domestic product. Administrative reforms are usually justified as a strategy for cost containment but, on the other hand, administrative reform is also itself a costly activity (Carpenter and Lewis 2004). Second, since the blocs may have different preferences regarding the appropriate size of the bureaucracy, I include a binary covariate, *right-wing bloc*, denoting whether the government is controlled by a liberal-conservative coalition<sup>9</sup>. Third, in order to account for the possibility that governments may front-load their most radical reforms, I include a binary covariate, *new term*, denoting whether it is the first year of a new electoral term. Fourth and finally, since agencies can be terminated for all sorts of partisan reasons (Lewis 2002, 2004), not all of which are necessarily related to personnel management, I also include a binary covariate, *hostile creator*, denoting whether the government responsible for creating an agency has a different ideological affiliation than the sitting government.

## Methods

I implement the covariates through a series of Cox regressions, which is a semi-parametric technique for estimating time-to-event that combines the proportional hazards duration model with the partial likelihood method for estimation (Box-Steffensmeier and Jones 2004; Therneau and Grambsch 2000). The dependent variable is the hazard rate, which in this case loosely translates into the

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<sup>9</sup> Since all left-wing governments in the sample are one-party governments while all right-wing governments are coalition governments (save for a brief liberal one-party government in 1978), this covariate is also highly correlated with number of parties in the cabinet ( $r = 0.93$ ).

probability that an agency will be terminated in a given year, conditional on having endured up until that point. The main benefit of Cox regression is that it leaves the functional form of the baseline hazard unspecified (i.e. the reference category when all covariates in the model are at zero), enabling estimation of covariate effects without strong parametric assumptions about the underlying probability distribution of event occurrence. Additionally, Cox regression is also flexible enough to handle time-varying covariates, time-dependent coefficients, and right-censoring with relative ease, making it the natural starting point for modelling complex event histories.

To capture some additional heterogeneity beyond the observed covariates, I also employ two extensions to the basic Cox model. First, I estimate models with shared ministry frailties. The logic behind these models is that some agencies may appear more "frail" than others simply because some ministries carry unobserved attributes that make them intrinsically riskier to be a part of than others. Agencies operating under the Ministry of Justice, for example, may well appear abnormally robust simply because no one would seriously dispute that modern states require law enforcement. Yet other policy areas may present more temporary challenges, causing a natural variation in termination rates between different portfolios. Such hidden risk factors can be modelled as a latent covariate, analogous to a random effect in linear hierarchical models (Hougaard 2000). The ministry frailties allow coefficients to vary across ministries but, as with any random effect, they are also generally required to be independent of the observed covariates. This is a restrictive assumption, but less so than the assumption of complete homogeneity that underpins frailty-less models.

Second, I also stratify the agencies by ministry. Although Cox regression leaves the functional form of the baseline hazard unspecified, whatever shape the hazard function does have, it is assumed to be the same across all subjects. With stratification, each ministry is allowed to have its own distinct baseline hazard, while coefficients are constrained to be the same across ministries. Analogous to fixed effects in linear models, this eliminates the influence from all unobserved, time-constant, ministry-level factors by collapsing them into the unspecified hazard function of each ministry (Allison 2009). The drawback is that, since stratified models only consider variation within cases, they are also prone to inflate standard errors and underestimate the effects of covariates that change slowly or only rarely over time. The next section reviews the results.

## Results

I present results from two sets of Cox regressions. Model 1 to 7 focuses on party change in government since the time of appointment, while Model 8 to 14 focuses on policy change in government since the time of appointment. I begin by examining the impact of the hostile appointer covariate in model 1 and then gradually add the supplementary covariates and ministry effects in models 2-7. Models 8 to 14 follow the same procedure, except with policy incongruence in place of hostile appointer. Scaled Schoenfeld residuals reveal no significant violations of the proportional hazards assumption using either linear, logarithmic, rank, or Kaplan-Meier transformations of survival-times. Graphs of the Cox-Snell and efficient score residuals suggest that the models generally fit the data well and with no major outliers, but as is often the case with hazard models, the fit is worse in the right-hand tail due to subjects dropping out over time. With this caveat, I report hazard ratios and standard errors for the party models in Table 1, and for the policy models in Table 2. A hazard ratio above one implies that a one-unit increase in the relevant covariate is associated with an increase in the rate of termination, while a ratio lower than one implies that termination rates are decreasing when the relevant covariate is increasing.

Consistent with theoretical expectations, I find evidence that changes in the partisan composition of governing coalitions over time can affect the survival chances of an agency. Specifically, in all models, the hazard ratios for hostile appointer and policy incongruence indicate that Swedish governments are more likely to terminate agencies that are appointed by their ideological opponents than agencies that are appointed by their ideological allies. In all six models, moreover, the effects are statistically significant at conventional level using a two-tailed test of significance.

The point estimates are also of substantial size. In Model 1, which only includes the hostile appointer covariate, a partisan shift in government since the time of appointment increases the risk of termination by 103 percent. Adjusting for heterogeneity in the characteristics of agencies and their respective heads, as is done in Model 2 and 3, makes essentially no difference for the results. The inclusion of cabinet characteristics has a more noticeable impact, bringing the point estimates down to around a 70 percent increase in Model 4 and 5. Adjusting for hierarchical clustering within ministerial portfolios, as is done in Model 6 and 7, makes little difference for the results, with both models producing point estimates well within one standard error of Model 5. In all seven models,

moreover, the effects are statistically significant at the 0.001 level using a two-tailed test of significance.

To provide a better sense for what the models imply in absolute terms, I also graph the agency survival function by hostile appointer and hostile creator in Figure 3 (based on Model 5 with all other binary covariates at their modes and all continuous covariates at their means). The lines chart the estimated probability that an agency will endure until a certain age for different configurations of agency appointers and creators (i.e. an agency has a  $y$  percent chance of turning  $x$  years old). For example, if an agency was to be both appointed and created by an ideological ally of the government, then the agency has a fifty per cent chance of turning twenty-seven years old, all else being equal. By comparison, if an agency was to be created by an ideological ally of the government but appointed by an ideological opponent, then the survival probability is reduced to a fifty per cent chance of turning sixteen years old. If an agency was to be both created and appointed by an ideological opponent of the government, to take a final example, then the survival probability is reduced even further to a fifty percent chance of turning eleven years old. Note in particular that, because the creator of an agency must also necessarily appoint the agency, the veritable nosedive in survival probabilities that occurs when moving from “Allied Appointer, Allied Creator” to “Hostile Appointer, Hostile Creator” is always realized when an agency experiences its first partisan shift in government.

The models focusing on policy change follow the same patterns as the models focusing on party change. The policy scale ranges from -10 to 10, with a maximum observed distance of 8.5 units and a standard deviation of 1.8 units. In Model 8, which only includes the policy incongruence covariate, the marginal effect of shifting the policy positions of either the appointing or sitting governments one unit away from the other is a seventeen percent increase in termination rates. A shift corresponding to two standard deviations, for example, can then be read as increasing the risk of termination by about sixty-one percent (fairly close to the estimated effect of a party change in model 4-7, in other words). An even larger shift, say, of four standard deviations, would increase the risk by just over 122 percent—although changes of such magnitude are of course only rarely observed in practice. Notably, the inclusion of the supplementary covariates and ministry effects changes the results only on the margins, with all the remaining models producing point estimates within one standard error of model 8. In all seven models, moreover, the effects are statistically significant at the 0.001 level using a two-tailed test of significance.

In Figure 4, I graph the agency survival function by policy incongruence (based on Model 12 with all binary covariates at their modes and all continuous covariates at their means). The connected line represents the estimated probability that an agency will endure until a certain age in case of complete policy congruence between the agency appointer and government incumbent (i.e. they have “shared agendas”), while the long- and short-dashed lines show analogous estimates for when the sitting government is two and four standard deviations away from the appointing government, respectively. For example, when the appointing and sitting governments occupy the same policy positions, an agency has an estimated fifty percent chance of turning thirty-one years old. Shifting the policy positions of either side two standard deviations away from the other reduces the survival probability to a fifty percent chance of turning nineteen years old, while a shift of four standard deviations is associated with a fifty percent chance of turning eleven years old.

On the one hand, the results highlight that agency termination is not an everyday occurrence—even when there is a conflict of interest between the agency appointer and government incumbent. Going by the political performances during the past half-century, it would likely take decades of uninterrupted rule for a given government to replace an ideologically hostile bureaucracy from the ground up. On the other hand, as Weingast and Moran (1983) pointed out some years ago, we should only expect political leaders to actually want to intervene in bureaucratic operations if they are beset by serious agency problems; as long as the bureaucracy advances the interests of its political principals, there will be no need for administrative interventions. Furthermore, terminating an agency is essentially the nuclear option, and it might well sometimes be possible for a government to capture a runaway bureaucracy by making less intrusive adjustments (e.g. by revising the laws that govern a given policy domain). From this perspective, the more important finding is that, while agencies are not terminated every day, they are also much more likely to remain in operation for extended durations if they are accountable to coalitions with common interests.

While the statistical models are useful for describing general trends, Swedish political history is also rife with substantive examples of how political leaders can exploit their structural powers to circumvent the personnel management restrictions embedded in the civil service regime. One of the most well-known cases concerns The National Board of Education (NBE), which served as the central regulatory agency in education between 1920 and 1991 (see e.g. Rothstein 1996). In the 1980s, the Social Democratic Party set out to decentralize the Swedish education system. As part of the reform, they announced their intentions to downsize the NBE, transfer most of its powers to

the municipalities, and refocus its mission from rule-making to oversight. According to the then Minister of Finance, Kjell-Olof Feldt, the bureaucrats in the executive branch were scarcely appreciative of these developments (Feldt 1991, 350): “It was obvious that, despite all the talk of new freedoms, the central authorities wanted to continue to regulate in detail how the municipalities should run the schools.” The Minister of Education, Göran Persson, had a solution to the mismatch between bureaucratic and political interests. In an ingenious follow-up move, Persson declared that the nature of the NBE’s new mission was so radically different from the old that the NBE had neither the organization nor competencies necessary to assure a satisfactory implementation of the new education policy. Instead of being refocused, the NBE was now to be dismantled and replaced by a completely new agency, The National Agency for Education. Persson’s condemnation of the NBE’s performance was not just for show; with tacit approval from the parliament, the declaration of incompetence ensured that no one who had worked in the NBE could transfer directly to the new agency on grounds of merit. Instead, the entire staff were effectively laid off by the government and forced to apply for positions in the new agency in order to keep their original jobs. In the end, out of the 750 employees in the NBE, only 61 carried over to the new agency, with Persson’s inner circle swiftly claiming the leading positions<sup>10</sup>.

## Conclusions

In this paper, I have argued that, from the perspective of opportunistic political leaders, structural reorganization can be viewed as a substitute for personnel management in the reproduction of a politically responsive bureaucracy. The basic idea is that, when political leaders decide how to most efficiently reshape old bureaucracies for new purposes, the relative attractiveness of structural interventions and personnel management both depend upon the costs of exercising the other. In contexts where political leaders can simply appoint ideological clones at-will or order bureaucrats to do as they say without recourse, for example, going through cumbersome rule-making processes in order to manipulate the distribution of bureaucratic authority and responsibility should lose much of its luster. On the other hand, in contexts with strict limits on the ability of political leaders to appoint agency personnel or review agency policy, the same kind of rule-making processes may not look so cumbersome anymore. The sort of insulating structures that have been the focus of much

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<sup>10</sup> The last acting head of the NBE, Erland Ringborg, later described the alleged functional differences between the two agencies as baseless (Ringborg 1997, 233).



of the literature on agency design (e.g. Selin 2015) may accordingly both deter and encourage political interventions in bureaucratic operations: if we raise the costs of personnel management, structural reorganization becomes more attractive; if we raise the costs of structural reorganization, personnel management becomes more attractive. This relationship highlights a quite different set of issues for forward-looking political leaders than the standard trade-off between bureaucratic and political opportunism, but also re-emphasizes the idea that structural choice always involves both costs and benefits.

To illustrate the principal lines of argument, I have traced the lifecycles of all administrative agencies in the Swedish executive bureaucracy between 1960 and 2014—in total, covering the enactment of hundreds of agencies and more than a thousand unique leadership appointments. Because all agency heads serve on fixed-terms in the Swedish case, each electoral term features a structure-induced variation in the type of agencies that the parties in power will have to deal with: in some cases, an agency may be appointed by an ideological ally of the government; and in other cases, an agency may be appointed by an ideological opponent of the government. Using hazard models, I have shown that Swedish agencies suffer considerably greater risk of termination when an ideological opponent of the government is responsible for appointing their heads. Had Swedish governments had access to more permissive personnel management powers, they could simply have replaced the hostile agency heads and spared themselves from deploying the much costlier structural club. In the absence of such powers, however, they apparently sometimes find deploying the structural club preferable to preserving the status quo.

These findings contribute to a number of contiguous literatures. That the availability of multiple and partly overlapping instruments of political control can give rise to “substitution effects” has been a recurring theme in formal theories of delegation for some time (e.g. Bendor and Meirowitz 2004; Gailmard 2009; Huber and McCarty 2004; Huber and Shipan 2002), but efforts to substantiate such models empirically remain sparse. The Swedish case provides an apt illustration of how political leaders can move from one instrument to another as the relative costs and benefits change: as long as political leaders can use the power of appointment to assure common interests with an agency’s upper management *ex ante*, they are less likely to reconsider the agency’s structure *ex post*; when the power of appointment is too costly to deploy, on the other hand, they can turn to structural reorganization as a substitute. This highlights the importance of considering the full range of powers that politicians have at their disposal to influence the bureaucracy, as opposed to viewing

each instrument in isolation. As Bawn (1997) pointed out some years ago, although political decisions about agency agenda control and oversight are often made separately, this does not necessarily mean that they are made independently.

Additionally, the paper also adds to a growing literature focused specifically on explaining why some agencies endure while others perish (e.g. Bertelli and Sinclair 2016; Carpenter and Lewis 2004; Greasley and Hanretty 2016; Lewis 2002, 2004; James et al 2015). These studies have sensibly taken somewhat different approaches in response to different constitutional contexts. What they all have in common, however, is that they ignore how changes in the composition of agency personnel can affect political incentives to intervene in agency activities in the first place. Yet, as structural manipulation is far from free, the inclination of political leaders to revoke delegated powers wholesale is highly dependent upon whether they can realize the same benefits through more convenient means—for instance, by replacing an agency’s most important decision-making positions. The fact that previous studies of agency terminations have invariably omitted personnel management from their analyses should cast serious doubts on their findings, and the way forward for this literature must surely start with the recognition that agency termination is simply a special case of structural choice.

Finally, the paper also contributes to recurring debates in both Europe and the US concerning what it means for an agency to be “independent” (e.g. Carpenter 2001; Ennser-Jedenastik 2015; Majone 2001; Thatcher and Stone-Sweet 2002; Selin 2015). It is taxonomically useful to classify agencies as more or less independent from politics based on how insulated they are from the instruments of government. For an agency to have any hope of ever becoming truly *causally* independent, however, political leaders must not only limit their own opportunities to manage agency personnel and review agency policy, but also somehow abdicate their ability to circumvent, amend, or displace those limitations. This is a tall order to meet, and the empirical fact that governments often do reorganize their bureaucracies suggests that any declaration of agency independence by the parties in power should be taken with a healthy dose of skepticism.

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# TABLES AND FIGURES

TABLE 1, PARTIAL LIKELIHOOD ESTIMATES OF AGENCY HAZARDS IN SWEDEN, 1960-2014

Covariates	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
<b>Hostile appointer</b>	2.03*** (0.25)	2.01*** (0.25)	2.03*** (0.25)	1.69*** (0.23)	1.69*** (0.24)	1.69*** (0.25)	1.71*** (0.24)
<b>Political Sector</b>		1.23 (0.18)			1.19 (0.17)	1.07 (0.16)	1.10 (0.16)
<b>Public Sector</b>		0.92 (0.14)			0.90 (0.14)	0.91 (0.14)	0.89 (0.14)
<b>Private Sector</b>		1.46* (0.27)			1.41 (0.26)	1.41 (0.28)	1.40 (0.26)
<b>Academic Sector</b>		0.67* (0.12)			0.79 (0.16)	0.78 (0.16)	0.80 (0.16)
<b>Rulemaking</b>			1.14 (0.15)		1.17 (0.16)	1.14 (0.16)	1.20 (0.17)
<b>Oversight</b>			0.74 (0.13)		0.74 (0.13)	0.67* (0.12)	0.69* (0.12)
<b>Management Board</b>			0.58*** (0.09)		0.64** (0.10)	0.64** (0.10)	0.63** (0.10)
<b>Research</b>			0.82 (0.14)		0.87 (0.16)	0.95 (0.17)	0.88 (0.16)
<b>Hostile Creator</b>				1.38* (0.21)	1.35 (0.21)	1.40* (0.22)	1.34 (0.21)
<b>Right-wing Bloc</b>				1.15 (0.18)	1.18 (0.18)	1.12 (0.18)	1.18 (0.18)
<b>New Term</b>				0.92 (0.13)	0.92 (0.13)	0.90 (0.13)	0.91 (0.13)
<b>Economic Growth</b>				0.97 (0.03)	0.97 (0.03)	0.98 (0.03)	0.97 (0.03)
<b>Ministry fixed-effect</b>						Yes	
<b>Ministry random-effect</b>							Yes
<b>Agencies</b>	456	456	456	456	456	456	456
<b>Observations</b>	8192	8192	8192	8192	8192	8192	8192
<b>Terminations</b>	268	268	268	268	268	268	268

Note. Hazard ratios for listed covariates with standard errors in parenthesis (conditional on random-effect in Model 7). Efron method for tied events. \*\*\*  $p < 0.001$ , \*\*  $p < 0.01$ , \*  $p < 0.05$  (two-tailed).



TABLE 2, PARTIAL LIKELIHOOD ESTIMATES OF AGENCY HAZARDS IN SWEDEN, 1960-2014

Covariates	Model 8	Model 9	Model 10	Model 11	Model 12	Model 13	Model 14
<b>Policy incongruence</b>	1.17*** (0.03)	1.18*** (0.03)	1.18*** (0.03)	1.15*** (0.03)	1.16*** (0.03)	1.19*** (0.04)	1.16*** (0.03)
<b>Political Sector</b>		1.18 (0.17)			1.16 (0.17)	1.05 (0.16)	1.08 (0.16)
<b>Public Sector</b>		0.93 (0.14)			0.92 (0.14)	0.92 (0.14)	0.91 (0.14)
<b>Private Sector</b>		1.57* (0.29)			1.53* (0.28)	1.53* (0.30)	1.50* (0.28)
<b>Academic Sector</b>		0.67* (0.12)			0.80 (0.16)	0.78 (0.16)	0.80 (0.16)
<b>Rulemaking</b>			1.01 (0.14)		1.03 (0.14)	0.98 (0.14)	1.04 (0.15)
<b>Oversight</b>			0.78 (0.14)		0.78 (0.14)	0.69* (0.13)	0.74 (0.13)
<b>Management Board</b>			0.57*** (0.09)		0.64** (0.10)	0.63** (0.10)	0.63** (0.09)
<b>Research</b>			0.87 (0.15)		0.91 (0.16)	0.97 (0.18)	0.91 (0.16)
<b>Hostile Creator</b>				1.63*** (0.24)	1.62*** (0.24)	1.70*** (0.26)	1.62*** (0.24)
<b>Right-wing Bloc</b>				1.16 (0.18)	1.15 (0.18)	1.08 (0.18)	1.14 (0.18)
<b>New Term</b>				0.92 (0.13)	0.91 (0.13)	0.88 (0.13)	0.91 (0.13)
<b>Economic Growth</b>				0.97 (0.03)	0.98 (0.03)	0.98 (0.03)	0.98 (0.03)
<b>Ministry fixed-effect</b>						Yes	
<b>Ministry random-effect</b>							Yes
<b>Agencies</b>	456	456	456	456	456	456	456
<b>Observations</b>	8192	8192	8192	8192	8192	8192	8192
<b>Terminations</b>	268	268	268	268	268	268	268

Note. Hazard ratios for listed covariates with standard errors in parenthesis (conditional on random-effect in Model 14). Efron method for tied events. \*\*\*  $p < 0.001$ , \*\*  $p < 0.01$ , \*  $p < 0.05$  (two-tailed).

Figure 1. Agency Creations and Terminations by Year.

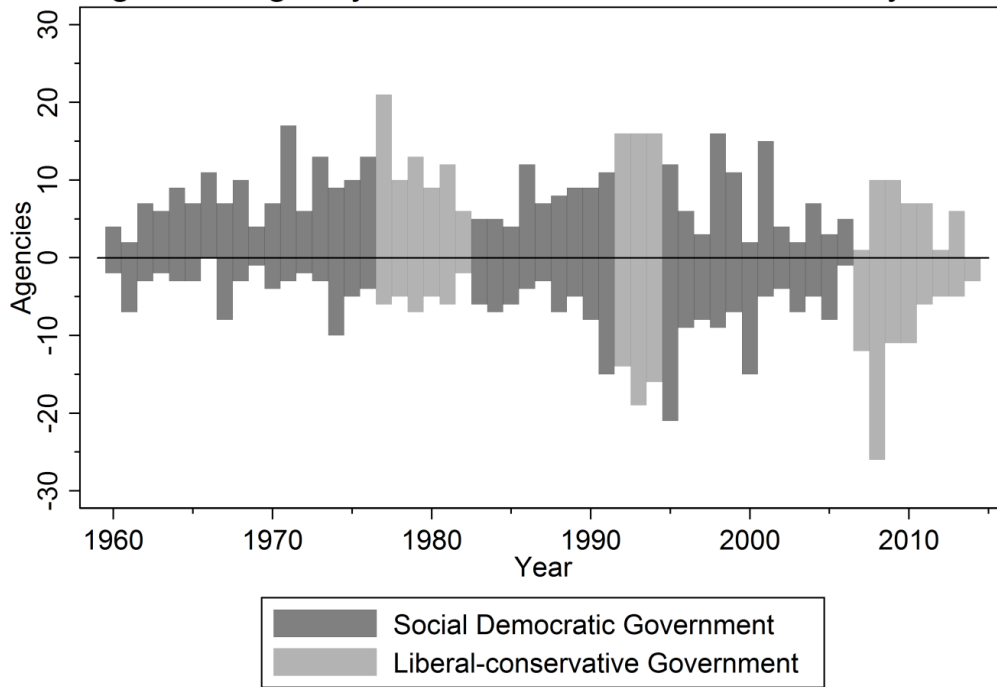


Figure 2. Share of Unfriendly Agency Heads by Year.

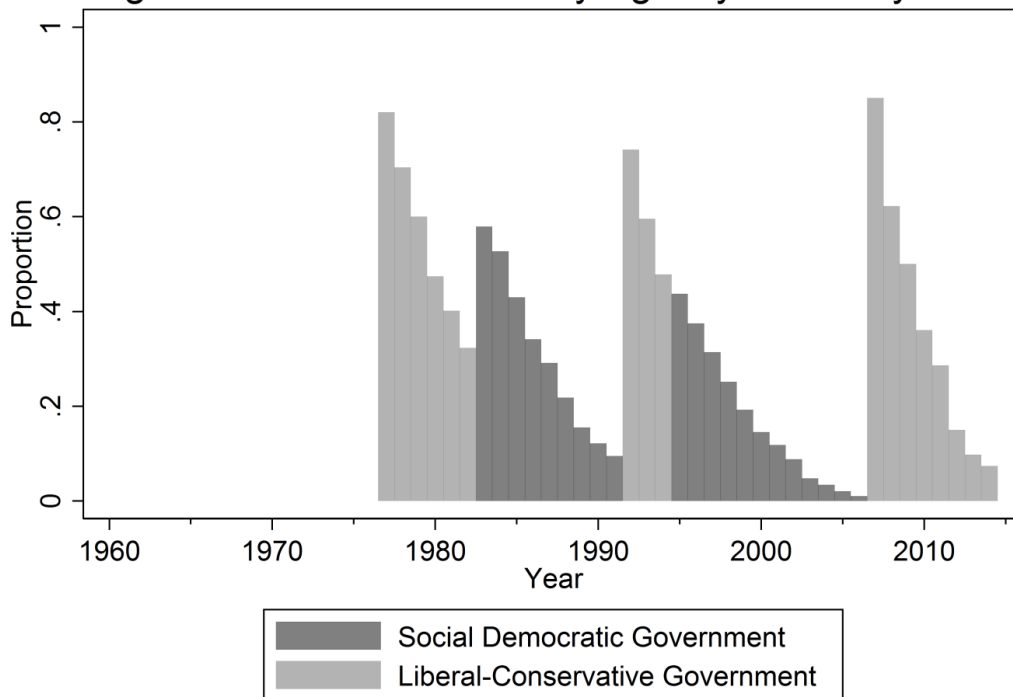


Figure 3. Survival Function by Party Change.

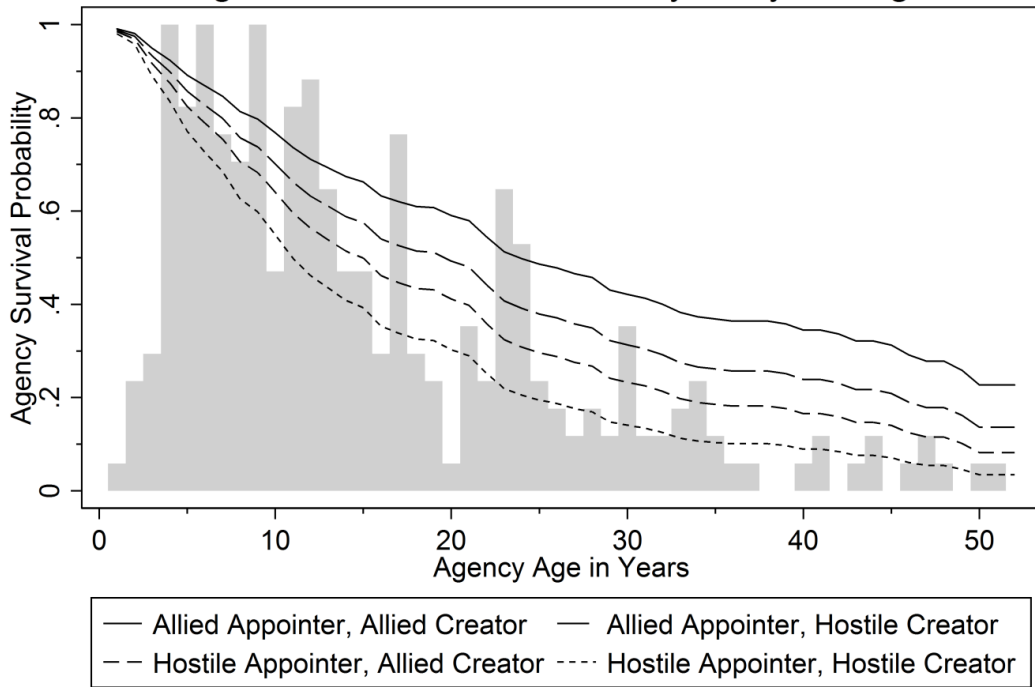


Figure 4. Survival Function by Policy Change.

