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ENDOGENOUS BUREAUCRACY

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ABSTRACT

By manipulating administrative institutions, political leaders can indirectly control the policy preferences that are carried out and enforced within a polity. In this paper, I suggest that precisely for this reason, partisan conflict over public policies often generates partisan conflict over institutional arrangements. To assess the empirical merits of this proposition, I analyze a unique dataset tracing the survival times of all administrative agencies enacted within the executive administration of Sweden between 1960 and 2011. I find that agencies are significantly more likely to be terminated when accountable to an ideological opponent of the agency designer than when accountable to an ideological ally of the agency designer. In line with reigning theories of delegation, the conclusion is that partisan politics colors not only the substantive contents of public policies, but also the organization of the administrative state.

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Contemporary democracy requires bureaucracy. Even if they so desired, elected representatives have neither the time nor capacity to single-handedly address all of the issues facing modern government. In order to economise on scarce resources and facilitate large-scale governance, politicians must delegate at least some of their authority to others. A fundamental problem facing politicians when delegating powers, however, is whether such powers once granted will be used as intended (Lupia and McCubbins 1998; Strøm, Müller and Bergman 2003). Indeed, while relying on bureaucrats to prepare, formulate, and carry out public policies hold many advantages, it is also perilous. The upside is that delegation may enable politicians to borrow the time, resources, and expertise that they lack. The downside is that bureaucrats may also cast formal mandates aside to pursue their own interests. As Dahl (1967, 21) observed, “if I delegate, may I not, in practice, end up with a kind of aristocracy of experts, or even false experts?” Where Dahl’s fears are realized, representative democracy is at risk of devolving into oligarchy, a tyranny of experts, wherein the actions of bureaucrats are neither motivated nor constrained by the will of the elected.

In recent years, an extensive literature in American politics has suggested that political leaders often respond to the threat of a runaway bureaucracy by strategically manipulating administrative institutions (Epstein and O’Halloran 1999, Huber and Shipan 2002; Kiewiet and McCubbins 1991; Lewis 2003). On this view, the choice of administrative design is best understood, not as reflecting a particular cultural or historical legacy, but as an *ex ante* agreement among political leaders made to safeguard against opportunistic behavior *ex post*. As long as politicians believe that bureaucrats will act in their interest, they delegate generously and leave the details to be filled in at the agency’s discretion. If, however, they find reason to believe that delegated powers may be used against them, they write detailed instructions, screen and select for loyal personnel, monitor agency activities, mandate regular reporting requirements, enfranchise affected constituencies, embed veto-points in administrative procedures, and direct appropriations. In this way, the staff, structure, and process of the bureaucracy emerges, not as a set of impartial administrative institutions, but as a vehicle for advancing and protecting the partisan interests of the political coalitions responsible for its enactment.

In this article, I analyze institutional choice in public administration, focusing on the effects of partisan shifts in government. A less recognized implication of the positive political theory of administrative design is that when a political principal first sets out to control her bureaucratic agents, she is unlikely to be so fortunate as to start from a blank slate. Rather, each new generation of political leaders will inherit an administrative state jointly designed by their predecessors. And whereas some

past governing coalitions will undoubtedly have had objectives congruent with those currently in power, others may well have been guided by quite different preferences and priorities (Moe 1989, 1990). If administrative institutions are simply instruments of political control, then as the partisan composition of the dominant governing coalition changes, we should generally expect the staff, structure, and process of the bureaucracy to follow suit. That is to say, all of the various appointments, appropriations, and procedures that are authorized on behalf of the ruling political elite should be particularly at risk of being subverted when there is a conflict of interest between the *enacting* governing coalition and the *sitting* governing coalition. Conversely, the bureaucracy should appear particularly robust as long as the enacting and sitting coalition have common interests.

To assess the empirical merits of this proposition, I examine the termination rates of all administrative agencies enacted within the executive administration of Sweden between 1960 and 2011. Although many contemporary democracies employ universal rules about administrative process that apply to all bureaucratic decisions—such as rules about the sequence in which administrative matters must be considered, the information that bureaucrats must assemble, take into account, and reveal to others, or the standards by which arguments, plans, and promotions must be evaluated (e.g., McCubbins, Noll and Weingast 1987, 1989)—it is within individual agencies that such rules are instantiated in practice. Moreover, universal rules about administrative process are often complemented by rules that apply only to a sub-set of agencies, and structural rules that assign authority and responsibility are almost always imposed on a case-by-case basis, for instance, through decisions about agency jurisdictions, management forms, executive appointments, and budgets. When political leaders make choices about which agencies that are allowed to operate, they are also making choices about which administrative institutions that are to constitute the bureaucracy.

By providing a detailed account of the politics of agency termination in Sweden, this article makes two contributions to the literature. First, I extend previous studies of the choice of administrative institutions in American politics to the parliamentary democracies of Europe. While the US federal bureaucracy has recently been found surprisingly plastic (Berry, Burden and Howell 2010; Carpenter and Lewis 2004; Lewis 2002, 2004; Maltzman and Shipan 2008; Selin 2015), little is currently known about how or even whether these results generalize to other polities (but see James et al 2015). The Swedish case enables an assessment of the relationship between partisan politics and administrative design in a context far removed from the institutions, cultures, and histories where the theory was conceived. In contrast to the US system of separate of powers, the Swedish consti-

tution of 1974 defines an almost ideal-typical singular chain of delegation and accountability, running from the people, acting as the ultimate principal, through parliament, cabinet, and administration (Bergman 2003). While the singularity principle has since been diluted by a number of important developments, such as membership in the European Union and an increasingly independent judiciary, for most of the observed period the institutional foundation of Swedish government closely resembles a pure-form parliamentary democracy, in the sense of Strøm (2000), with two ideological blocs competing for monopoly rights on public authority.

Second, the constitutional arrangements of the Swedish case also enable a novel examination of the interplay between *ex ante* and *ex post* controls over time. In a comparative perspective the US civil service is highly politicized, with new presidents having thousands of bureaucratic appointments to make upon entering office (Lewis 2008; Moe and Lewis 2013). By contrast, the appointment opportunities of Swedish cabinets number in the hundreds and are limited to top level management positions, all of which are contracted on fixed terms and thus shielded from arbitrary dismissal. As a consequence, new cabinets will often find themselves in the position of trying to control appointees that were chosen by past cabinets, not unlike the “appointments dilemma” faced by US congress (McCarty 2004). In some cases this may prove relatively unproblematic, either because there simply is no conflict of interest or due to convenient contractual expiration dates allowing for new appointments to be made. In other cases, however, Swedish political leaders may well face the unenviable prospect of steering ideologically hostile agency managers throughout their entire electoral term (Pierre 1995). In the absence of substantial appointment powers, they will instead have to rely on their formidable control over statutes and executive orders to influence the bureaucracy—which naturally includes the ability to de-authorize old agencies, enact new ones, and redistribute functions and appropriations. Could it be that sitting cabinets are especially likely to terminate precisely those agencies whose managers have been appointed by their political opponents, thereby rendering the appointments dilemma null and void?

In performing one of the first large-scale survival analyses of administrative agencies in Europe, I find that their durability depend upon the partisan compositions of the political coalitions that decide their fates. Of all the administrative agencies enacted in Sweden over the past half-century, less than half remains. One important reason for why this is so is that following government turnover, Swedish political leaders tend to displace the administrative institutions that were enacted by their political opponents, much in the same way as political leaders in the US do. Agencies suffer signifi-

cantly greater risk of termination both when accountable to a cabinet with a different ideological affiliation than the agency creator, as well as when its top-level management has been appointed by a cabinet with a different ideological affiliation than the political incumbent. In line with reigning theories of delegation, these findings affirm that partisan politics colors not only the substantive contents of public policies (Huber and Stephens 2001; Korpi and Palme 2003), but also the organization of the administrative state. Future studies of institutional choice in the parliamentary democracies of Europe would do well to take this possibility more seriously.

The remainder of the article proceeds as follows. I first explain in more detail how and why partisan politics shape administrative institutions over time. Next, I present the dataset, introduce the covariates included in the empirical model, and discuss methods. I then submit the results. The final section concludes by considering the implications of the findings for the literature on administrative design and avenues for future research.

The Positive Political Theory of Administrative Design

Reigning theories of administrative design in political science are deeply rooted in the new economics of organization, drawing particularly from agency theory and transaction cost economics (Bendor, Glazer, and Hammond 2001; Huber and Shipan 2007; Moe 2012). From this perspective, the relationship between politicians and bureaucrats is understood as a principal-agent problem, with analytical focus centered on what—if anything—a given governing coalition can do to ensure that its policies are faithfully carried out by the bureaucracy. The problem is that bureaucrats typically possess a whole range of private information, owing to their superior expertise and other knowledge that may be acquired either before or on the job, and the now standard answer is that politicians can respond by imposing decision procedures, incentive systems, and monitoring mechanisms that work to constrain the feasible set of policies that bureaucrats can pursue. By strategically controlling the rules of the game, in other words, politicians can compensate for their disadvantaged position and steer bureaucrats towards the objectives they desire.

The generic premise is that delegation to administrative agencies is a ubiquitous feature of politics because it can help politicians overcome a variety of frequently recurring political problems. Naturally, the most basic of such problems is to find the time and resources to reach and carry out deci-

sions (Epstein and O'Halloran 1999). In the course of operating the political process politicians will inevitably encounter many other challenges which can be overcome through delegation, however. The most serious of these typically stem from commitment problems (Shepsle 1991) and blame for unpopular decisions (Fiorina 1987), but also from acquiring accurate theories of how the world works (North 1990). By delegating powers to administrative agencies, politicians can achieve multiple objectives and increase their influence while spending scarce resources on other matters, and as long as the political benefits derived from so doing outweighs the costs of delegation, they will take little issue with relying on others to act on their behalf.

The dilemma is that for all its potential benefits, delegation also involves potential risks. One danger is that bureaucrats can have desires and motives that are at odds with those of politicians. A second complication is that bureaucrats can have access to information that politicians lack. The possibility of conflicting interests and asymmetric information leave politicians with two basic “agency problems”, common to all acts of delegation: *adverse selection* and *moral hazard* (Laffont and Martimort 2009; Moe 1984). The first problem arises when bureaucrats have hidden information about their own characteristics and qualities—how can politicians be certain that they are delegating to bureaucrats of the right type? The second problem arises when bureaucrats can take hidden actions—how can politicians be sure that delegated powers will be used as intended? If politicians and bureaucrats have conflicting interests and there is no way for the former to learn about the consequences of the latter’s activities, then bureaucrats also have both incentive and opportunity to take actions against the interests of politicians. In such situations, delegation can produce agencies where bureaucrats pursue leisure rather than labor, neglect to supply agreed upon outcomes, or outright sabotages political initiatives (Brehm and Gates 1999).

In this most basic sense, the outlook is of course no different from a traditional Weberian understanding of public administration. Modern bureaucracies come staffed with highly skilled policy professionals who should be able to safely guide the implementation of public policies; however, the very expertise and resources that make modern bureaucracies the effective machines that they are also present bureaucrats with opportunity to usurp public authority for their own ends (e.g., Downs 1967; Lowi 1978; Niskanen 1971). As Weber (1978, 959, 991) observed, bureaucrats are typically just as motivated by status and power as any other public official. And if left unchecked, they will seek to further their own authority, develop relations with influential interest groups, and veil their information and actions in secrecy. Where there is opportunity, resources will be invested

to acquire additional resources, and the more time an agency has to build its assets, the more durable it becomes. An implication is that unfortunate political leaders may just one day find themselves governing an unresponsive army of immortals, as Kaufman (1976) put it, with little hope of changing course.

What distinguishes contemporary theories from the old is the notion that even when faced with severe informational asymmetries and conflicts of interest, political leaders need not be helpless; rather, they can defend themselves by designing administrative institutions that alter the incentives and opportunities of bureaucrats to act against their interests. The earliest attempts at explicating the nuts and bolts of this process focused on ex-post controls—that is, institutions that operate after bureaucrats take action. By monitoring behavior, rewarding compliance, and punishing defection, politicians can continuously constrain bureaucratic decision-making and protect their policies from being subverted during implementation. As long as agency decisions can be credibly sanctioned, bureaucrats must anticipate the response of politicians and accommodate their interests, or run the risk of seeing their programmes curtailed and careers ended (McCubbins and Schwarz 1984; Moe 1985; Weingast and Moran 1984; Weingast 1983). A problem with active oversight, however, is that it imposes costs not only on the agent, but also on the principal who performs it. And in the shadow of endemic collective action problems, sanctions may not always be credible. For these reasons, politicians will often find it more attractive to promote compliance ex-ante through strategic choices about procedures, organization, and personnel systems—that is, institutions that operate before bureaucrats take action. Inventive use of administrative appointments, structures, and processes can ameliorate both informational asymmetries and conflicts of interests by, for instance, demanding that bureaucrats reveal their policy ambitions in advance, take specific kinds of constituency or professional information into account, and have the burden of proof, as well as by enfranchising favored groups and granting special interests access to agency decision-making (Calvert, McCubbins, and Weingast 1989; McCubbins, Noll, and Weingast 1987, 1989; Moe 1989). As long as political leaders choose an appropriate combination of administrative institutions, the bureaucracy will proceed on autopilot, programmed from the outset to pursue the partisan interests of the political coalitions in power at the time of enactment.

The literature dealing with the perils of “bureaucratic drift” and the institutional solutions that politicians can deploy to mitigate it has made marginal advances over time (e.g., Bawn 1995; Bendor, Glazer, and Hammond 2001; Bendor and Meirowitz 2004; Epstein and O’Halloran 1994, 1999;

Huber and McCarty 2004; Huber and Shipan 2002, 2007; Lewis 2003, 2008; Lupia and McCubbins 1998; Miller 2005; Moe 2012; Wood and Bohte 2004), but the core that was borrowed from the new economics of organization some thirty years ago with its focus on conflicts of interest and asymmetric information remains largely intact. Although hidden information and hidden action will always provide unruly bureaucrats with some room to pursue their own interests, politicians can use contract designs, screening and selection mechanisms, monitoring and reporting requirements, and checks and balances to counteract non-compliance and ensure that their policies do not drift too far from target (though cf. Gailmard and Patty 2012).

Partisan Politics and Institutional Choice

A complicating implication of the notion that administrative institutions can be designed to at least partly determine policy outcomes, however, is that the choice of such institutions should then also tend to attract the same kind of political disagreements as the choice of public policies does (Horn and Shepsle 1989; Moe 1989, 1990; Shepsle 1992). If different administrative institutions lead to different policy outcomes, and different policy outcomes are preferred by different partisan coalitions, then different partisan coalitions should also prefer different administrative institutions. As Riker (1980) observed, in most cases, preferences over institutions tend to be inherited from preferences over policies. And if a given governing coalition is dissatisfied with a particular set of policy outcomes, then they can move policy in their preferred direction by reorganizing the institutions that operate in the relevant policy domain (e.g., Jeong et al 2014).

When should we expect politicians to be the most dissatisfied with policy outcomes, and thus face the greatest incentive to invest in reorganizing public administration? If the positive political theory of administrative design is true, then the answer is that a given governing coalition should typically be the most dissatisfied with policy outcomes when they face a set of administrative institutions that have been enacted by their political opponents. When a new governing coalition inherits a bureaucracy generated by the bargains of past coalitions, they will want to preserve the creations of coalitions with common interests and subvert the creations of coalitions with conflicting interests. As long as the policy preferences of the enacting and sitting coalition converge, an administrative institution designed to advance and protect the interests of the former will also serve the interests of the latter, encouraging preservation. But if the policy preferences of the enacting and sitting

coalition diverge, an administrative institution designed to serve the interests of the former will be in conflict with the latter, encouraging subversion.

Substantively, preservation can, for instance, translate into leaving the budget, jurisdiction, and leadership of an agency intact. By contrast, subversion can take the form of cuts in appropriations (Berry, Burden and Howell 2010), restrictions to agency jurisdictions (Huber and Shipan 2002), or replacement of key personnel (Lewis 2008). The single most consequential way in which politicians can intervene in bureaucratic activities, however, is of course by terminating the entire operation (Lewis 2002, 2004).

While the central players in this story are political elites, the key generative mechanism remains policy conflict between principal and agent. In anticipation of the possibility that their policies might drift during implementation, politicians can use their control over appointments, appropriations, and procedures at the time of agency enactment to imprint their interests in the bureaucracy. In so doing, however, they do not only constrain bureaucrats in the administration, but also create new agency problems for future generations of political leaders, inducing subsequent governing coalitions to themselves aggressively wade into administrative matters in an attempt to prevent their policies from drifting. The result is an intergenerational struggle wherein administrative institutions that have been enacted by one partisan coalition *ex ante* are unceremoniously uprooted and replaced by another *ex post*. This perspective on the inherent instability of inherited principal-agent relationships can be summarized with a single hypothesis: *The more the policy preferences of the enacting and sitting coalition diverge, the more likely an administrative institution is to be subverted; and the more similar are the policy preferences of the enacting and sitting coalition, the more likely an administrative institution is to be preserved.*

The bureaucratic status quo will not be perfectly or immediately adjusted to reflect the interests of its new masters, of course. Learning about the benefits of an intervention carries its own set of costs (Carpenter and Lewis 2004). And before an intervention becomes a live option, the ruling political elite will have to overcome all the usual obstacles associated with coalition governance, including history, resources, preferences, institutions, critical events, and the shadow of an uncertain future (Lupia and Strom 2008). Moreover, because some administrative institutions are installed to prevent agency losses from occurring rather than to assure the selection of any particular policy, they may well be of use to more than one partisan coalition, thereby generating a certain

degree of stickiness over time (Kiewiet and McCubbins 1991). But on the margins, Riker's (1980) observation that institutions are little more than "congealed tastes" should carry force: when one governing coalition is replaced by another, the latter will seek to reshape the bureaucracy to its own advantage, just like the ones that preceded them.

Data, Covariates, and Methods

To assess how changes in partisan coalitions affect the choice of administrative institutions, I employ a unique event history dataset with detailed information on all administrative agencies enacted within the executive administration of Sweden between 1960 and 2011 (Dahlström, Holmgren and Björkdahl 2014). For each year during the observed period, the dataset tracks the characteristics of both individual agencies and their surrounding political and economic environment. With the help of statistical survival models (Box-Steffensmeier and Jones 2004; Therneau and Grambsch 2000), this empirical set up allows for probing the conditions under which a wide variety of administrative institutions become more or less likely to be subjected to political manipulation. In Dahlström and Holmgren (2015), we use the same dataset to show that Swedish agency managers suffer greater risk of replacement when accountable to an ideological opponent of the appointing cabinet than when accountable to an ideological ally of the appointing cabinet. In this article, by contrast, I focus on what Carpenter and Lewis (2004) term "the ultimate act of political control", namely the termination of an entire agency.

In this context, the Swedish case features two particularly notable characteristics. First, although the parliamentary chain of delegation in Sweden is generally structured in accordance with the "singularity principle"—that is, one principal for each agent, and one agent for each principal (or several non-competing ones) (Strom 2000)—there is one important deviation from this rule. Unlike in many other parliamentary democracies, the Swedish cabinet takes all decisions collectively (Bergman 2003). This means that even though different agencies may formally sort under different ministerial portfolios, they are nonetheless all accountable to the cabinet as a whole rather than to any individual minister.

Second, the Swedish constitution also mandates a clean separation between politics and administration. According to the Instrument of Government, all administrative agencies enjoy formal inde-

pendence 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 (ch. 12, §2), and all bureaucrats are to be appointed on meritocratic principles (ch. 12, 5§). No positions other than those at the very top of the bureaucratic hierarchy, such as management boards and agency heads, are appointed by the cabinet. Insofar as Swedish political leaders want to interfere in agency decision-making, their only constitutionally sanctioned routes are through appointees (all of whom serve on fixed terms), policy-relevant legislation, the enacting executive order or statutory instruction, and annual appropriations. By constitutional design, politicians are thus to check the bureaucracy primarily through manipulation of “structure and process” (McCubbins, Noll, and Weingast 1989) rather than by directly managing its personnel and day-to-day operations.

These characteristics matter both because they determine between which actors the relevant principal-agent relationship is to be found, and because they provide incentives for certain kinds of political interventions above others. Though there are numerous ways in which political leaders can attempt to work around the spirit of the law when it comes to personnel management in civil service systems (Doherty, Lewis, and Linbocker 2014), Swedish ministers face considerable risks if they were to take individual action against the decisions or tenure of individual bureaucrats¹. In contrast, because the vast majority of Swedish agencies are authorized by executive order², as a collective the cabinet can typically enact, terminate, and reorganize agencies as they please with little concern for legal repercussions or parliamentary objections. For example, although ministers are not formally allowed to replace members of a management board before their tenure is up for renewal, as a unit the cabinet can decide that the agency in question should no longer have a management board. In short, the accountability structure that exist between politicians and bureaucrats in the Swedish case is deliberately designed as a relationship between collective actors—cabinets and agencies—and to the extent that politicians want to punish bureaucrats for non-compliance, they will generally have to apply their retribution as a collective on a collective, such as by mandating that an agency cease its operations in full or by otherwise circumscribing its discretion.

¹ Example goes here.

² The short list of statutory agencies include the Swedish National Audit Office, the Parliamentary Ombudsman, the Central Bank of Sweden, as well as a number of smaller committee-like organizations dealing with matters such as party financing, remuneration for members of parliament, and electoral districts.

Data

To capture variations in the likelihood of agency termination, we have constructed an event history dataset based on a variety of primary sources. In Sweden, any public organization that is not a political decision-making body, such as local, regional, and national parliaments and cabinets, is constitutionally defined as an agency. Agencies are further distinguished according to whether they are judicial, such as the courts, or administrative, which technically includes the various government ministries. The definition is purposely ambiguous to allow for flexible enactment and reorganization, but can also make it difficult to determine where exactly an agency begins and ends. To ensure that the dataset is based on classifications that closely correspond to actual grants of authority by political leaders, we have primarily relied on *Sveriges statskalender* for identification, which is a compendium of operative public organizations and employees published annually by the Swedish government since 1812. Listed organizations have then been further cross-checked using a number of additional government publications (Statskontoret, 1975, 1980, 1986, 1989, 2005) as well as an official registry under construction by Statistics Sweden which cover all agencies in operation between 2008 and 2012.

Following Lewis (2002, 2004), I trace the life of an agency through its formal functions³. An agency is considered enacted when its functions are authorized either by statute or executive order, formally referred to as an agency instruction, 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, here they are uniformly treated 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 because 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 restriction also excludes many *ad hoc* delegations, such as temporary organizations set up for the sole purpose of administering the termination of other or-

³ There is little consensus concerning how to conceptualize and measure organizational survival. For reviews of other approaches common in the field of public administration, see Adam et al (2007) and MacCarthaigh and Roness (2012).

ganizations, since they are generally authorized as part of a parent agency. All things considered, taking the instruction as the core identifier of agencies and their survival times makes for a fairly conservative measure of organizations and organizational change, since an agency can lose and gain major functions or be otherwise gradually but significantly restructured over time without it registering as a termination in the dataset.

The event history of an agency is documented as a counting process that runs from the year of enactment until the year of termination, with one observation for each calendar year that an agency was in operation. Operative agencies are coded as zero. If termination occurs in a given year, the coding changes to one. Terminated agencies subsequently drop out from the dataset while agencies that are never terminated remain at zero for the entirety of the observed duration. For example, the Agency for Tax Equalization, enacted in 1966 and terminated in 1992, has twenty-seven yearly observations, the first twenty-six of which are coded as zero while the twenty-seventh and final observation is coded as one. After 1992, there are no more observations on the Agency for Tax Equalization. By contrast, the National Agency for Education, enacted in 1991 and still in operation in 2011, has twenty-one observations all of which are coded as zero. If the functions of a terminated agency are transferred to an already existing agency, the event history of the receiving agency continues on as before while the terminated agency drops out of the dataset. If a new agency inherits the functions of a terminated agency, the new agency receives its own set of observations while the terminated agency drops out of the dataset. In total, the population includes 8723 yearly interval observations from 455 unique agencies with 250 observed terminations. The median survival time is sixteen years with the shortest spell lasting for one year and the longest for forty-nine years. The dataset ends after 2011, leaving forty-five per cent of the agencies right-censored (i.e., still in operation when observation ceased).

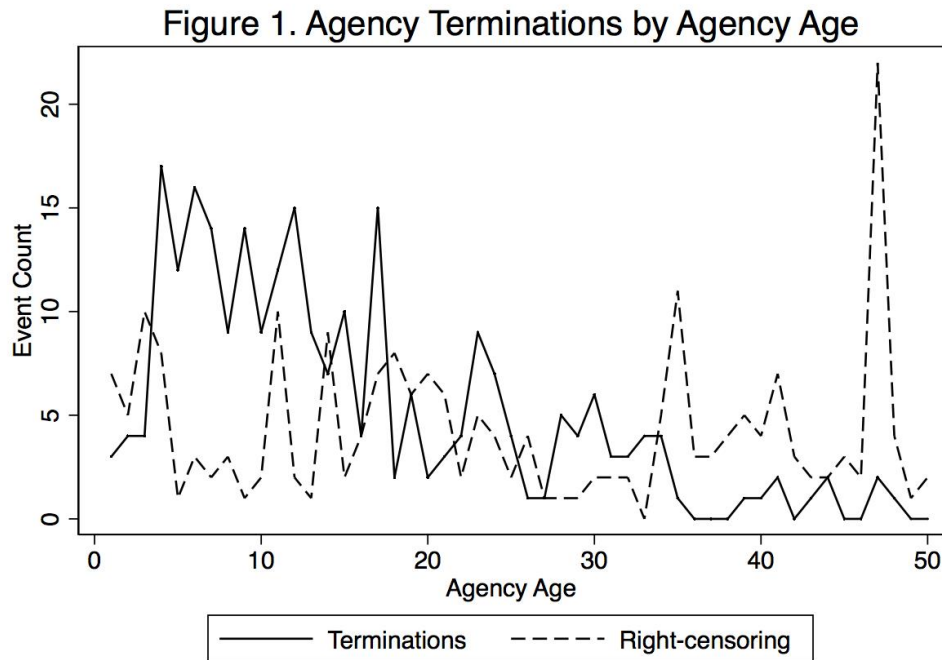


Figure 1 presents the distribution of observed terminations by agency age, with the survival times of all right-censored agencies included for reference. As can be seen from the event count, most of the action is located on the left-hand side of the distribution, with just under two-thirds of the terminations occurring within fifteen years of enactment. By contrast, only ten terminations are observed during the last fifteen years of the timespan. The distribution of survival-times among the right-censored agencies is more even in comparison, except for a sharp peak in the right-hand tail. The peak is the result of a large-scale reform of the national law enforcement system in 1964, which authorized a new central agency—the Swedish National Police Board—along with one independent police authority for each county. The gradual over-time decline in termination counts is of course to be expected given the nature of the data, since the effective sample size decreases the further from the time of enactment that we get.

Covariates

The main explanatory factor of interest is policy conflict between the coalition responsible for designing a given agency and the coalition with the right to hold the agency to account. As argued

above, if administrative institutions are simply instruments of political control, then whatever policy conflicts that might exist between competing partisan coalitions will also be reflected in the politics of institutional choice. To construct a measure of the ideological distance between the enacting and sitting coalitions, I first match each agency to attributes of the political parties that controlled the cabinet at the time of enactment, and then for each following year that an agency was in operation, 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 two sets of covariates respectively intended to adjust for heterogeneity in agency and cabinet characteristics. I then utilize Cox regression to recover estimates of how partisan shifts in government affect agency termination rates.

I rely on two proxies to account for the level of policy conflict between the enacting and sitting coalitions. First I construct a binary covariate, *Allied Creator*, denoting whether or not the cabinet responsible for enacting an agency has the same ideological affiliation as the sitting cabinet, with the creator and incumbent respectively being either a social democratic or liberal-conservative coalition. I assume that when political leaders design agencies, they do so strategically to satisfy their own policy preferences. Ideological turnover in the cabinet since the time of enactment increases policy conflict between agency and political incumbent because new partisan coalitions see the creations of past partisan coalitions as representing interests opposed to their own. I expect that agencies will be more susceptible to termination when accountable to an ideological opponent of the agency creator than when accountable to an ideological ally of the agency creator.

Second, I also construct a binary covariate indicating the political origins of an agency's management. *Allied Appointer* denotes whether or not the cabinet responsible for appointing an agency's management has the same ideological affiliation as the parties in the sitting cabinet, with the appointer and incumbent respectively being either a social democratic or liberal-conservative coalition. I assume that when political leaders appoint agency managers, they do so strategically to satisfy their own policy preferences. Ideological turnover in the cabinet since the time of appointment increases policy conflict between agency and political incumbent because new partisan coalitions see the appointments of past partisan coalitions as representing interests opposed to their own. I expect that agencies will be more susceptible to termination when led by managers appointed by an ideological opponent of the sitting cabinet than when led by managers appointed by an ideological ally of the sitting cabinet.

In addition to the indicators of policy conflict, I also include a number of salient time-constant and time-varying regression controls to account for transaction-costs and factors unrelated to the theory. Since the range of covariates that could plausibly cause both ideological turnover in government and an increase in agency termination rates is limited, they primarily serve to improve the precision of the estimates rather than as checks for confounders⁴. The selection is informed by previous studies of program and agency survival as well as of administrative reforms more generally.

To adjust for heterogeneity between agencies, I first include two binary covariates denoting whether or not an agency has regulatory functions. Thatcher (2005) argues that European governments rarely deploy their formal powers against regulatory agencies, and it has frequently been suggested that politicians grant them unusually high levels of policy discretion in order to solve commitment problems in the public sector (e.g., Horn 1995; Majone 1997). Since termination is nothing more than the ultimate act of political control, unusual levels of policy discretion should also translate into unusual durability. *Rule-making* denotes whether or not an agency has the right to regulate some area of human activity, and *Oversight* whether or not an agency has the right to police regulations. Second, as a proxy for agency size I include a binary covariate, *Management Board*, denoting whether or not an agency has a board structure. Large budgets, many employees, and a broad set of functions can make agencies more difficult to terminate (Kaufman 1976), and in Sweden, management boards are typically reserved for agencies with extensive fiscal responsibilities (Statskontoret 2005). Third and finally, I also include a binary covariate, *Adjudicatory Committee*, denoting whether or not an agency has court-like functions. Sweden has a special class of administrative agencies with a similar organizational structure to the committees commonly found in legislatures (*nämndmyndighet*). These are typically populated by professionals and other interest group representatives and act as courts within their specific policy domain.

To adjust for heterogeneity between sitting cabinets, I first introduce a continuous covariate, *Economic Growth*, denoting the annual percent change in real gross domestic product. Government reorganization is almost always justified as a strategy for cost-containment (Pierson 2001), but on the other hand, government reorganization is also itself a costly activity (Carpenter and Lewis 2004).

⁴As is well-known, unobserved heterogeneity is a particularly acute problem for hazard models since unmeasured risk factors may introduce bias even if uncorrelated with the observed covariates (Box-Steffensmeier and Jones 2004; Therneau and Grambsch 2000). If there is heterogeneity among subjects that the model does not account for, the effects of covariates that reduce (increase) hazards can be increased (reduced) and spurious time-dependence become statistically significant.

Second, since termination rates may be driven by an ideological preference for “small government”, I include a binary covariate, *Liberal-Conservative*, denoting whether or not the cabinet is controlled by a liberal-conservative coalition⁵. 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 or not it is the first year of a new electoral term. Fourth and finally, since cabinets that are only weakly supported by the parliament may be less inclined to disrupt the administrative status quo than those that enjoy strong support, I also include a continuous covariate, *Legislative Seats*, denoting the net share of legislative seats under control by the parties in the sitting cabinet.

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 probability that an agency will be terminated in a given year, conditional on having endured up until that point. Compared to other techniques for estimating time-to-event, the principal benefit of Cox regression is that it leaves the functional form of the baseline hazard unspecified, allowing us to retrieve estimates of how the covariates affect agency termination rates without need for strong parametric assumptions about the underlying probability distribution of event-occurrence. In addition, Cox regression is also flexible enough to handle time-varying covariates, time-dependent coefficients, and right-censoring with relative ease, making it the natural choice for modelling complex event histories.

To assure the robustness of the models, I run Cox regressions with two kinds of extensions. 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 more risky 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

⁵ Since all social democratic governments in the sample are one-party governments while all liberal-conservative governments save for one are not one-party governments, this covariate is also highly correlated with number of parties in the cabinet ($r = 0.91$).

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 models (Hougaard 2000). The frailty variance is estimated from the data, but assumed to follow a gamma distribution, and draws on variation in hazard rates both within and between different ministries. As with any random-effect, the ministry-frailties are generally required to be independent of the observed covariates. This is a restrictive assumption, but less so than the assumption of complete homogeneity that underpin frailty-less models.

Second, I 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. Stratification relaxes this assumption by letting each ministry have its own distinct baseline hazard, while coefficients are constrained to be the same across ministries. Analogously 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). For my purposes, the main drawback of these models is that since they only consider variation within ministries, they are also prone to underestimate the effects of covariates that change slowly or only rarely over time—which holds true for many of the covariates under consideration here.

Results

I present results from six sets of Cox regressions. I begin by including only the *Allied Creator* and *Allied Appointer* covariates in Model 1 and then add the agency, cabinet, and full set of regression controls in Model 2, 3, and 4 respectively. As robustness checks, I then add the ministry frailties and stratification in Models 5 and 6. Scaled Schoenfeld residuals reveal no significant violations of the proportional hazards assumption. 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, hazard ratios and standard errors for all models are reported in Table 1. 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 affect the survival chances of an agency, both when measured from the time of creation and the time of appointment of an agency's management. In all six models, the hazard ratios for Allied Creator shows that agencies are more likely to endure when accountable to an ideological ally of the agency creator than when accountable to an ideological opponent of the agency creator. Likewise, the hazard ratios for Allied Appointer shows that the risk of termination decreases also when the cabinet responsible for appointing an agency's management has the same ideological affiliation as the sitting cabinet. The point estimates for both covariates vary marginally around 0.6 and remains within one standard error of Model 1 across all specifications, but with the differences decreasing slightly as more controls are introduced. For either covariate, this can be substantively interpreted as indicating that when the enacting and sitting cabinets have common interests, the estimated termination rate is about 40% lower than when they have conflicting interests. Adjusting for the fact that agencies are hierarchically clustered within ministerial portfolios, as is done in model 5 and 6, makes little difference for the results. In all six models, moreover, the effects are statistically significant at the conventional 0.05 level using a two-tailed test of significance.

TABLE 1, PARTIAL LIKELIHOOD ESTIMATES OF AGENCY HAZARDS IN SWEDEN, 1960-2011.

<i>Covariates</i>	<i>Model 1</i>	<i>Model 2</i>	<i>Model 3</i>	<i>Model 4</i>	<i>Model 5</i>	<i>Model 6</i>
Allied Creator	0.58*	0.59*	0.65*	0.65*	0.66*	0.65*
	(0.09)	(0.09)	(0.11)	(0.11)	(0.11)	(0.11)
Allied Appointer	0.60*	0.60*	0.63*	0.62*	0.63*	0.65*
	(0.08)	(0.08)	(0.09)	(0.09)	(0.09)	(0.10)
Rule-making		1.11		1.10	0.95	0.95
		(0.23)		(0.23)	(0.21)	(0.21)
Oversight		0.45*		0.45*	0.50*	0.53*
		(0.09)		(0.09)	(0.10)	(0.11)
Adjudicatory Committee		0.81		0.82	0.88	0.90
		(0.13)		(0.13)	(0.14)	(0.15)
Management Board		0.51*		0.52*	0.60*	0.63*
		(0.08)		(0.08)	(0.14)	(0.11)
Liberal-conservative			1.24	1.19	1.21	1.15
			(0.21)	(0.20)	(0.20)	(0.20)
Legislative Seats			1.01	1.01	1.01	1.01
			(0.01)	(0.01)	(0.01)	(0.01)
New Term			0.80	0.80	0.80	0.75
			(0.12)	(0.12)	(0.12)	(0.11)
Economic Growth			0.98	0.98	0.98	0.97
			(0.03)	(0.03)	(0.03)	(0.03)
Ministry frailties					Yes	
Ministry stratification						Yes
Agencies	455	455	455	455	455	455
Observations	8723	8723	8723	8723	8723	8723
Terminations	250	250	250	250	250	250
χ^2	46.17*	88.87*	53.24*	94.59*	78.33*	68.65*

Note. Hazard ratios for listed covariates with standard errors in parenthesis (conditional on frailty in Model 5; clustered by ministry in Model 6). Efron method for tied events. * $p < 0.05$ (two-tailed).

In Figure 2 and 3, I graph the joint effect of Allied Creator and Allied Appointer on the agency survival and hazard functions, with all other binary covariates at their modes and all continuous covariates at their means (based on Model 4). For example, a social democratic cabinet may sometimes be fortunate enough to inherit an agency both created and appointed by other social demo-

crats. In other cases, however, they may face an agency both created and appointed by the liberal-conservative parties. These are both common real-world scenarios since any cabinet that enacts a new agency must also necessarily appoint that agency. The survival function charts the estimated probability that an agency will endure until a certain age under either counterfactual, while the hazard function charts the estimated risk of termination for each year in an agency's life.

The survival function in Figure 2 shows why partisan shifts in government are an important factor to consider when investigating why some agencies endure while others do not. An agency that is accountable to an ideological opponent of both the agency creator and appointer has an estimated fifty percent chance of turning ten years old. This does highlight that agency termination is a rare event—even when there is a conflict of interest between the agency designer and the political incumbent. Going by the political performances during the past half-century, it would likely take decades of uninterrupted rule for a given cabinet to completely replace an ideologically hostile bureaucracy. With that said, agencies are much more likely to remain in operation for extended durations if they are accountable to coalitions with common interests. When both the agency creator and appointer are ideological allies of the political incumbent the estimated survival probability increases considerably, from a fifty per cent chance of enduring for ten years to a fifty percent chance of enduring for twenty-three years.

Figure 3 provides a different perspective on the same empirics by showing how the risk of termination varies over an agency's lifespan. The received view among an older but still influential generation of public administration scholars was that agencies tend towards increasing durability the older they get (e.g., Downs 1967; Kaufman 1976; Lowi 1979). In the estimated models, however, agencies do not simply become more entrenched with age. Instead, the hazard function is non-monotonic, following an inverse U-pattern: the risk of termination first increases until just past twenty years in and then slowly goes back down towards the initial levels. And at no point is an agency more secure than when it was first enacted. Analogously to the patterns in the survival function, we can also see that the termination rate is much higher when agencies are accountable to cabinets with conflicting interests than when they have common interests.

Figure 2. Survival Function by Cabinet Turnover

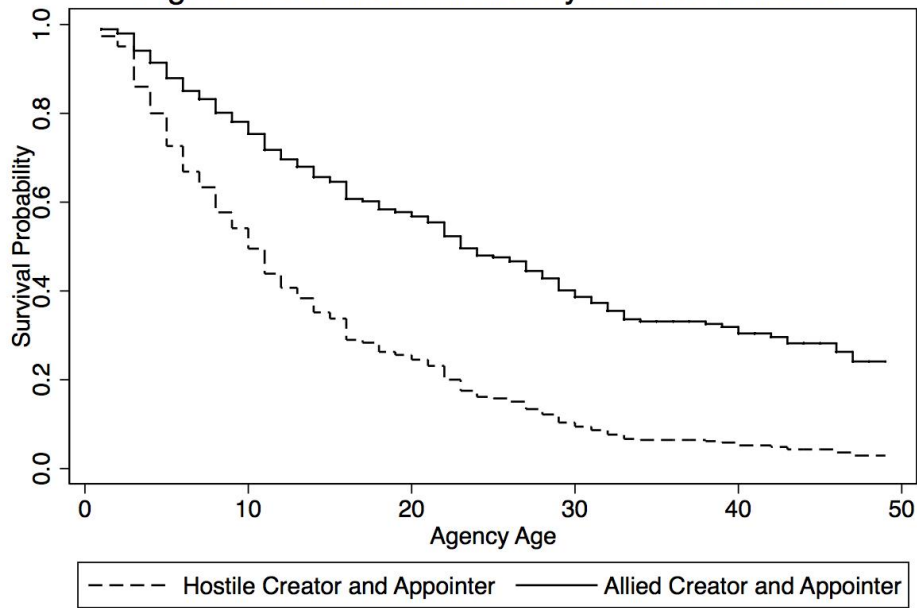
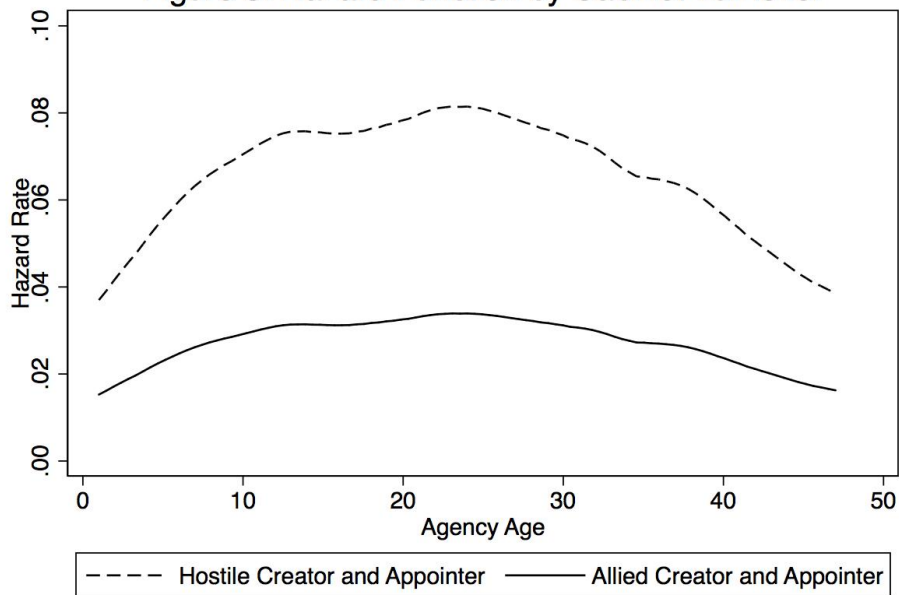


Figure 3. Hazard Function by Cabinet Turnover



While the statistical models are useful for describing general trends, Swedish political history is also rife with substantive examples of partisan conflicts over administrative institutions. When the social democrats enacted the Agency for School Development in 2003 to assist the municipalities in reaching national objectives and improving educational equality, for instance, critical voices were

immediately raised by the liberal-conservative parties. In the education sector, they argued, central agencies should set national goals and evaluate results. School development, on the other hand, should be handled locally by teachers and school principals (Commission of Inquiry 2007:79). Yet, as long as the social democrats maintained control of the cabinet, there was little for opponents of the agency to do but watch as it endured. Recognizing that administrative institutions are only as durable as the sitting coalition wants them to be, however, the opposition pledged to terminate the agency were they to gain office. And following social democratic defeat in the 2006 general election, the agency was indeed terminated.

The suggestion that political leaders can use institutional reorganization as a means to circumscribe hostile bureaucrats protected by fixed or lifelong tenure may in some ways sound more extreme than that they can use it to change the formal mission of the bureaucracy as such. In the US, the perhaps most notorious example is provided by the “Malek Manual”, circulated to officials within the Nixon administration with detailed advice on how to make civil servants voluntarily want to quit their jobs (Cayer 2006). In Sweden, the allegiance of the civil service has been a lingering concern over the past half-century, due in no small part to the constrained appointment powers of the cabinet. When the social democrats lost control of the cabinet for the first time in four decades in 1976, for example, the new State secretary in the Ministry of Education, Bert Levin of the Liberal People’s Party, likened their inaugural experience with stepping into “a forest of red needles”, with many of the sitting agency heads in the cultural sector being deeply rooted in the social democratic labor movement (Levin 1983). As in any other polity with civil service restrictions on personnel management, Swedish political leaders will often have to rely on their control over statutes and executive orders to influence the bureaucracy—which naturally includes the ability to terminate old agencies, enact new ones, and redistribute functions and appropriations.

Some of the regression controls also suggest interesting relationships for future research, but a full discussion is beyond the scope of this article. Briefly, though, agency attributes appear to be an important factor in explaining agency survival, similarly to what is reported by Lewis (2002, 2004) in the US case. Agencies with oversight powers appear particularly robust in all models, with estimated hazard rates around half those of other agencies. But notably, there is no evidence that the rule-making itself makes much of a difference for an agency’s survival chances. On the other hand, since the sample only includes agencies enacted between 1960 and 2011, the models may also be biased against a rule-making effect in virtue of excluding some of the most prominent regulatory

agencies. The Central Bank of Sweden, for example, was enacted as far back as the 17th century, and a number of central social policy agencies such as The National Board of Health and Welfare during the first half of the 20th century. Agencies with management boards also appear to live longer than others in all models, but since board structures proxy for numerous other factors relating to the size and scope of an agency it would be difficult indeed to credibly parse out any direct effects. In comparison to the indicators of agency attributes, the indicators of economic and political conditions at the time of the sitting coalition perform less well. Although all four covariates have consistent signs across the models, neither effect is estimated with enough precision to be distinguishable from zero.

Conclusions

Assuring successful delegation from elected representatives to unelected bureaucrats is a fundamental part of democratic governance, and to do so, politicians typically rely on administrative institutions that limit bureaucratic discretion—they impose procedures, personnel systems, monitoring mechanisms, and sanctions that are designed to bias bureaucratic decision-making in their own favor. Precisely because institutions are designed with a view towards the future, however, any governing coalition that wishes to see their policy ambitions realized must also look to the past and deal with whatever administrative staff, structures, and processes that previous coalitions have left for them. What they decide to do about the institutions they inherit, I suggest, often depends upon their ideological relations with those who designed the institution in the first place. When the partisan composition of the coalition that designed an institution diverges markedly from the coalition that decides its fate, an institution is particularly likely to be displaced; conversely, institutions turn increasingly robust as the partisan composition of the enacting and sitting coalitions converges. In the end, bureaucracies never escape the politics that created them.

To buttress this conjecture, I have traced the survival times of all administrative agencies enacted within the executive administration of Sweden between 1960 and 2011 and showed that agency termination rates increase significantly following partisan shifts in government. As in the US case, the politics of agency termination in Sweden appear strikingly consistent with the well-known ally principle in delegation theory (Bendor, Glazer, and Hammond 2001; Bendor and Meirowitz 2004). All else equal, legislators become more inclined to delegate and grant discretion to an agency the

closer the agency's policy preferences are to those of the legislative floor. And an agency is most likely to have policy preferences close to those of the legislative floor when its staff, structure, and process have been defined by a legislative coalition whose partisan composition mirrors that of the sitting coalition. In this context, the choice to terminate an agency is simply the ultimate act of political control—an instrument for assuring that the bureaucracy serves the interests of the parties in power.

Research on the relationship between partisan politics and institutional choice should not end here. The focus of this article has been on the average effects of partisan shifts in government on agency hazard rates. Yet, such estimates may hide considerable variation. Moe and Caldwell (1994) suggest that parliamentary executives can improve the durability of their policies by front-loading benefits, dispersing them widely among groups, and mobilizing an agency's clientele. Administrative institutions that serve the interests of large and well-organized segments of the electorate and whose disappearance would be immediately felt may be better suited to resist political turnover than those serving only narrow interests or groups without representation in collective bargaining, for example. Better measures of the linkages between political parties, interest groups, and agencies would enable more accurate assessments of how deep into the bureaucracy that partisan politics runs, but also provide insights into what—if anything—political leaders can do to insulate their policies in contexts where institutions and policies alike can be easily amended, as is typically the case in parliamentary democracies. More generally, research should focus on theoretically and empirically teasing out the factors that determine the political costs of manipulation, and thus contribute towards a better understanding of the conditions under which administrative institutions become more or less likely to endure.

The results of this paper also contribute to a foundation for further comparative work on the effects of different regime-types on the behavior of executive actors. Swedish parliamentary democracy departs from more conventional constitutional designs in two important ways. First, Swedish ministers are constrained by collective decision-making within the cabinet, which ensures that all major decisions must be acceptable to the cabinet as a whole in order to gain traction. Turnover among individual ministers is thereby made into a minor concern because a change in portfolio ownership would only contribute marginally to the partisan composition of the cabinet in any case. In parliamentary systems with more independent ministers, however, one might expect to find ministerial turnover to be of far greater importance (James et al 2015). Second, Sweden also em-

ploys a rather strict constitutional separation between politics and administration, with limited opportunities for politicians to manage personnel and review agency decisions. To the extent that Swedish political leaders want to leave their mark on public administration and steer policy implementation, the incentives are thus stacked in favor of just the sort of structural reorganization that has been the focus of this paper. In parliamentary systems with less rigid civil service restrictions on personnel management, however, one might expect the power of appointment to make structural reorganization lose some of its luster, generating more stable bureaucratic structures but also higher turnover rates among agency personnel.

Finally, this paper brings further evidence that those who hold administrative institutions to be essentially immutable should revisit their conclusions. Ever since the classic works of Weber (1978), many have taken it for granted that bureaucratic structures by their very nature tend towards increasing durability the longer they remain in place. The available evidence, however, points in a different direction: the prospect of an administrative institution enduring over the long haul varies systematically with changes in the political environment. When the bargaining position of the political coalitions that were in power at the time of enactment falters, so, too, does the durability of their creations. Institutions, then, are endogenous to the interests of the parties in power, just like the policies that they are designed to protect.

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